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THE MONEY QUESTION

An Encyclopedia of Financial Reform

BY

GEORGE H. SHIBLEY

THE RESULT OF MONETARY LEGISLATION.

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THE MONEY QUESTION

THE 50% FALL IN GENERAL PRICES

THE EVIL EFFECTS

THE REMEDY

Bimetallism at 16 to 1

AND GOVERNMENTAL CONTROL OF PAPER MONEY

IN ORDER TO SECURE

A Stable Measure of Prices—

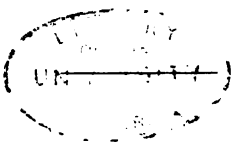
STABLE MONEY

MONETARY HISTORY 1850-1896

BY

GEO. H. SHIBLEY

("JUSTICE.")



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"Facts are to be distinguished from Opinions. Where a fact in dispute is capable of demonstration, it is, of course, the height of folly to accept any one's opinion as to its existence."

Prof. W. L. Jepson

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DEPARTMENT OF BOTANY
BERKELEY

Oct. 11, 1904.

My dear Mr. Layman:-

Herewith I send you a campaign document which was extensively circulated among the farmers in the Populist centres in 1899 & 1900. It may be of interest to the Library as an addition to your campaign literature. If of no value to you kindly return to me, and oblige,

Yours very Sincerely
Willis L. Jepson.

INTRODUCTORY STATEMENT.

Ever since mankind has used a medium of exchange—money—there ave been two great classes: Those benefited by an increase in the exhange value of money — the Moneyed Interests — and those benefited y an increase in the value of the things for which money exchanges — he Interests Other-Than-Moneyed. The interests of these two classes re directly opposed to each other, **for when money increases in exhange value the things for which it exchanges decrease in exchange alue;** the two sides of a scale never go up at the same time. Equal ustice to each class requires that the scale be kept as evenly balanced as ossible — that the exchange value of money be kept as stable as it can ossibly be made. And it is our duty as citizens to examine the scale nd ascertain its exact condition.

Are the moneyed interests through legislation pushing up their side f the scale? Is it true that they are pushing it up, up, up? The camaign of 1896 is "on," and the issue is the Money Question. Each citien of the United States is a juror. The ballots cast on the second uesday in November decide the case. As each citizen is a juror, each hould wish to have the case laid before him. This includes women or they influence the balloting.

The facts as they actually exist are summarized at page 683.

The evidence which proves the existence of these facts I shall lay bere you. First, however, I wish to state how I became aware of them:

Until quite recently I believed that gold was the best measure of

value available. But the claims of the Silver Agitators aroused me and I determined to go to the bottom of the question. Being a lawyer by profession, although not in practice, I knew the value of evidence and set about to examine that which each side referred to. I now present to you the evidence of the facts which I have found to exist. And in order that you may know the conditions under which I have performed this task, I will state that my business interests are such that I am benefited by an increase in the exchange value of money, and that by the facts which I have found to exist I have been converted from a believer in the gold standard of prices to one who believes in the justice of a return to the bimetallic standard of prices at 16 to 1, and that the United States should, without longer waiting for coöperation, enact a 16 to 1 bimetallic law. So vital do I consider the issue that I donate to the cause the labor I have expended upon the following treatise and have advanced the necessary funds for its publication. As to the comparative importance of the money question and the tariff, I will state that I am a high protectionist and have ready for publication a treatise along these lines, but have laid it aside for the time being, as *the tariff question should not be permitted to divert attention from the money question.* The tariff question *divides those whose interests are other-than-money,* **and we should present to the common enemy a united front.** Furthermore the Money Question is a question of General Prices, whereas **the raising of the price of imports through a duty is but a small piece of the much larger question,** see illustration page 632 below.

As I present to you the evidence which I have found to exist I shall present also the claims of the opposition which are disproved by the facts. **In this way you will receive both sides of the case.**

As the evidence which I shall present has been collected and put in order by thousands of individuals, among whom I count only as one, I shall use the plural number in addressing you, except where a personal opinion or observation is offered.

The Evidence.

In presenting the evidence we will commence with facts with which you are familiar and proceed by building them up until they demonstrate the existence of a principle. In this way we shall proceed in a way which you can readily follow who have not given the subject special study.

Data, such as the quantities of the different kinds of money in the world, are questions of fact and our knowledge of them is derived from statistics.

Facts, such as occurrences in Congress, at Conventions, etc., will be proved principally by presenting declarations appearing in print and made about the time each particular fact occurred. We shall always present the best evidence we have.

The leading differences in this case relate to Principles. Here the evidence will be cumulative and you will experience very little difficulty in following. A great help to us in disposing of the opposing claims will be their Inconsistencies. You know it to be a fact that truth is consistent, and therefore whenever you find an advocate who, understanding his case, presents to you an inconsistency, you feel warranted in believing that his claim as to that precise point is not supported by the facts. Inconsistencies are put forward by counsel who have "no case" yet seek to win (and only such counsel are employed in desperate cases). They attempt to deceive juries by actually misstating facts; they draw erroneous conclusions from facts correctly stated; state half-truths—the most dangerous species of sophism; claim as important facts which do not touch the issue, and abuse those who attempt to unmask their deceptive utterances.

In judging the trustworthiness (credibility) of each witness and advocate, an important thing to consider is his Motives. In ascertaining these, his past history is of great importance, as individuals usually change slowly. The importance of this method of ascertaining the character of individuals and classes will be demonstrated to you.

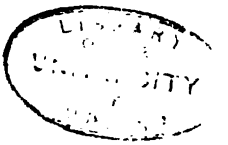
Facts are to be distinguished from Opinions. Where a fact in dispute is capable of demonstration, it is, of course, the height of folly to accept any one's opinion as to its existence. Therefore, in our consideration of the money question, the opinions which individuals have put forward should not influence us in our judgment of *the facts which go to make up the case*, except as we compare the opinions of recognized leaders in finance and see how they compare with *the conclusions we have reached. Where there is a disagreement we must search for the inconsistency.*

We will now present the evidence in the case. It would have pleased us had we been able to present it in a less number of pages, but the facts exist and the principal ones should be placed before you.

CHICAGO, August 19, 1896. G. H. S.

Money is the Pricing Instrument or Measure of Prices (General Prices, page 11, below). The Government controls it as it does other measures (page 9, below) and therefore should dispense equal and exact justice to the moneyed interests and the Interests other-than-moneyed.

Admit that money is the pricing instrument or measure of prices (general prices) and the money question is simplified. Deny it and you are in error, and as the error is basic your entire superstructure is a mass of error.



MONEY.

(For an analytical table of what follows see page 724. This table ould be consulted frequently, as it is a brief resumé of the subject.)

I. DEFINITION.

"Money" is a Medium of Exchange. Observation demonstrates at such is the case. For example, we exchange wheat for money and is money we exchange for clothing. Here the wheat is exchanged for othing through the mediumship of money.[1]

"Currency" is also used to mean a Medium of Exchange.[2]

John Stuart Mill says: "The mere roduction of a particular mode of exanging things for one another, by exchanging a thing for money, and exchanging the money for someelse, makes no difference in the ..ntial character of transactions. *It ot with money that things are really chased.* Nobody's income is derived m the precious metals [except that of gold or silver miner]. The dollars or its which a person receives weekly yearly are not what con-titute his ome; **they are a sort of tickets or lers** which he can present for payat at any shop he pleases, and which itle him to receive a certain value ny commodity that he makes choice The farmer pays his laborers and landlord in these tickets, as the t convenient plan for himself and m; but their real income is their re of his corn, cattle, and hay, and akes no essential difference whether listributes it to them directly, or s it for them and gives them the price. There cannot, in short, be intrinsically a more insignificant thing, in the economy of society, than money; except in the character of a contrivance for sparing time and labor. **Money is a machine for doing quickly and commodiously what would be done, though less quickly and commodiously, without it;** and, like many other kinds of machinery, it only exerts a distinct and independent influence of its own when it gets out of order." (Mill's Principles of Political Economy, p. 292, Laughlin's Edition.)

[2]Professor Marshall uses "Currency," "to include everything which passes from hand to hand as a means of purchasing without regard to any special or trade knowledge of those who handle it," **thus including gold and silver money and paper money but not including checks on banks,** as they require "the receiver to have formed some opinion for himself as to the individual from which he receives it."

A more restricted meaning of the term money is, a medium of exchange *clothed with legal tender qualities.*[1]

(Testimony before the British Gold and Silver Commission of 1888, ¶ 9630-9632.)

The Most Convenient Currency.

Professor Jevons says: "It is entirely a question of degree what commodities will in any given state of society form *the most convenient* currency, and this truth will be best impressed upon us by a brief consideration of the very numerous things which have at one time or other been employed as money. * * * There is abundant evidence that furs or skins were employed as money in many ancient nations. They serve this purpose to the present day in some parts of the world"

In Virginia, in the 18th Century, tobacco was used as a medium of exchange, it being placed in storehouses and receipts on paper passing from hand to hand. (White's Money and Banking, pp 4-8.)

It appears, then, that **money is a term not confined to gold and silver;** to thus confine it is fallacious. In the words of Professor Jevons: "Living in civilized communities and accustomed to the use of coined metallic money, we learn to identify money with gold and silver: hence spring hurtful and insidious fallacies. * * * * It is entirely a question of degree what commodities will in any given state of society form the most convenient currency." (Money and the Mechanism of Exchange, p. 19.)

Silver and gold were at an early time used as currency. In these later days **the tendency is to issue certificates against both gold and silver** except for fractions of a dollar.

The United States Statutes designate the money which is a legal tender—which shall be received in the discharge of obligations calling for "dollars." They provide that certain quantities of **gold and silver** when stamped by the United States with the insignia designated by law are legal tender, except that denominations less than $1 are legal tender only to the extent of $5.

The law also provides that **gold certificates and silver certificates** shall be issued by the government whenever individuals prefer them to coins, the coins to be stored by the government until such time as certificates are presented for exchange. These certificates are made legal tender.

Paper Money—The act of March 17, 1862, provided that 60 million of dollars, the insignia of which should be stamped on paper by the United States, were to be "lawful money and a legal tender."

The law under which the **"Greenbacks" now in use** were issued (act of February 25, 1862) provide that they "shall be lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and *interest upon bonds and notes owing by the United States.*"

The law providing for the issue of paper money by **national banks** does not make it a legal tender for private debts.

Treasury Notes—By Act of July 14, 1890, the payment for the further purchase of silver bullion was to be in paper money—money the denominations of which should be stamped on paper by the United States. This money is termed Treasury Notes and "shall be a legal tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for

[1] The money which is a "legal tender" is money which the law provides shall be received in the discharge of obligations calling for money.

In each of the civilized countries, their laws carefully designate what shall constitute money, **thus limiting the quantity.**[1]

II. EXCHANGE VALUE DEFINED.

That which we receive *in exchange for anything* is termed its Exchange Value; for short, Value.

"Usefulness" is frequently designated by the term Intrinsic Value; that is to say, value in itself — value in use. A thing may be useful, as, for example, air, and yet no one will give anything for it.[2]

customs, taxes, and all public dues, and when so received may be re issued; and such notes, when held by any national banking associatiop, may be counted as a part of its lawful reserve."

[1] The constitution of the United States provides that "Congress shall have power * * * *to coin money, regulate the value thereof* and of foreign coin, and fix the standard of weights and measures." (Art. I., Sec. 8, Par. 5.)

"No State shall * * * coin money, emit bills of credit, make anything but gold and silver coin a tender in payment of debts." (Art. I., Sec. 10, Par. 1).

In pursuance of the exclusive authority thus conferred upon Congress, it by act of April 2, 1792, provided for a mint and set forth the rules which should regulate the coining of money and its value.

Since 1792 Congress has passed many laws concerning money and its exchange value.

Laws for the Punishment of Counterfeiting have been one means of regula'ing the quantity of the medium of exchange; another means has been to prohibit all individuals and corporations from issuing anything *in their own names* which shall pass as a medium of exchange, **except as special permission is by law granted;** for example, the law granting to National Banks the right to issue paper money.

It appears then that **in the United States only that money is in circulation which is** BY LAW **permitted to circulate.** Gold is *by law* given unlimited coinage while silver is *by law* kept from being coined into money; to now coin silver into money is counterfeiting and is a grave offense. In 1893 there was passed a law stopping the coinage of about 4½ million dollars of paper money each month to be used by the government in purchasing silver bullion.

[2] The distinction between "Value in Use" and "Exchange Value" is thus pointed out in the writings of Aristotle (Politics, i. ix.):

"Every commodity may be used in two ways, first *to help to satisfy the want to answer which it was created* and secondly *to serve for exchange*. Boots are of service in walking, but they may also, by means of exchange, serve to procure other objects, such as money, food, or any other product."

Most economists employ the term Usefulness or Utility to designate "value in use" (intrinsic value) and designate "value in exchange" by the term Value. **Of course it is a matter of definition.** But even so careful a writer as Jevons does not stick to this definition of value which he lays down for himself in his Money and the Mechanism of Exchange (p. 11), for later he says (p. 32) "substantial value," meaning, of course, value *other than in exchange*.

It follows that when "value" is used without being preceded by "exchange" or "intrinsic" (or an equivalent), the entire sentence or paragraph must be examined to ascertain *in which sense it is used.* Illustrations are given below.[1]

III. EXCHANGE VALUE, HOW MEASURED.

The things which we receive *in exchange for money* we term "the exchange value of money." On the other hand, money measures the value of the things for which it exchanges. In short, **each measures the other.** For example, in purchasing your jack-knife you exchanged for it 50 cents (we will say): here the money paid, measures the exchange value of the knife, and the knife measures the exchange value of the money. Another illustration is the market reports for each day: they show the exchange value of *money,* and the value of *things for which money is exchanged.*

Exchange value is Registered by stating *the amount of money and the amount of the things against which money is exchanged.* For example, "50 cents for 1 jack-knife." Exchange value, when one side of it is money, is termed Price, and the exchange of the property for money or a promise to pay money is termed a Sale. When personal property other-than-money is exchanged for personal property other-than-money it is termed Barter.

Professor Laughlin in a book intended for circulation among the voters of the United States, says, "Value *is a relation,*" but in another place he says: "Plain people hand out gold or silver coin when they are in concurrent circulation, supposing that the *intrinsic value* of the gold is that of the silver according to the legal ratio expressed in the coins." (Facts about Money, pp. 100, 30.)

Of the expression "intrinsic value" Mr. MacLeod says (Theory and Practice of Banking, p. 48): "This unhappy phrase meets us at every turn in economics."

To avoid uncertainty in meaning I shall use the full term "exchange value" and "intrinsic value," except where other portions of the sentence or paragraph show very clearly the sense in which it is used. I believe the use of the full term "exchange value" is conducive to clear thinking.

[1] An Inconsistent Use of intrinsic value" and "exchange value" is frequently made by those whose specialty is money and its uses. For example,

Senator John Sherman, in his Memoirs published in 1895, uses this term, "intrinsic market value" (p. 619). As "market value" means value *in exchange* and "intrinsic value" means value *in use,* it is manifest that there is an inconsistency. He uses these terms in his treatment of the silver question, and as used it *confuses the issue.* Such being the case there arises in the mind of the reader the question of whether or not this life-long student of exchange value has not used the confusing term intentionally.

The foregoing is familiar to each of you and we call your attention to each fact in order that we may go on into that with which you possibly are not familiar:

Now, if we take the amounts of *all the money exchanged for commodities in the Chicago markets* (we will say) *for a single day* (for example, one million dollars) and the quantities of all the commodities *exchanged for this money*, we will have figures which indicate the proportion between the commodities *taken as a whole*, and the money *taken as a whole*. Here we simply group all the sales. **The benefit of this will be that at a later period of time** WE CAN MAKE A COMPARISON **and ascertain whether in the exchanges of commodities against money** TAKEN AS A WHOLE **the proportion** HAS CHANGED, **and, if so, how much.**

For the preceding one hundred years, the market reports have been the means whereby statisticians have calculated quite accurately the changes in the exchange value of money. Their tables which show these quantities of the commodities *taken as a whole* and prices *taken as a whole* are for convenience termed tables of General Prices. Therefore in speaking of the exchange value of money as measured in commodities *as a whole* the term General Prices is used.

In *practice* the way these tables of prices are made is by taking the prices and quantities of the *leading* commodities for a certain day in each week. The result for the first day is indicated by a number, for example, 100. Then as the result of each succeeding week is greater or smaller, the index number goes proportionately up or down. The average for the first year is then taken as 100.

It is highly important that you gather a clear idea of the fact, that "The exchange value of money as indicated by general prices *varies at different periods of time*," and that you also know "**The causes which may produce a variation.**" See illustrations below.[1]

[1] **The proportion between money and the things against which it exchanges** VARIES AT DIFFERENT PERIODS OF TIME. This fact each of us know to be the case: the market reports for each day show us the changes as they take place.

CAUSES OF VARIATIONS.

The Variations in the Proportion between money and the things against which it exchanges may be caused by

(1) Changes *in the quantity of money* used in making these exchanges, provided other conditions remain the same, or

(2) Changes *in the quantity of the things exchanged for money*, provided other conditions remain the same, or

(3) Changes in the quantities *of both*. For example, if the quantity of the things for which money is exchanged increases faster than does the quantity of money used in making exchanges, then the proportion (general prices) falls, unless offset by other conditions; and vice-versa.

If there is a Fall in general prices, it is manifest that in *subsequent transactions* general prices can be raised *if a sufficient quantity of money be added to that already in use.* On the other hand, if there is a Rise in general prices, then in subsequent transactions they can be lowered *by lessening the quantity of money in use.* As stated in these last two sentences, **prices in general may be absolutely controlled by the quantity of money,** for the statement is, "*if a sufficient quantity*" be added or subtracted. By this means, prices in general may be raised or lowered. This is because other conditions, such as changes in the amount of credit; rapidity of circulation, etc., may, so far as fixing general prices is concerned, be overcome by adding a sufficiently large quantity of money, or subtracting from the volume of money in use a sufficiently large quantity.

The formula above stated may also be put in the following terms: Lessening the quantity (volume) of money in use (in circulation) in a country reduces prices, provided the other conditions remain the same; and Increasing the volume of money in circulation increases prices, provided the other conditions remain the same. This Law of Quantities is termed by some

The Quantity Theory.

As we have stated it, you will observe that it is a self-evident truth.

Of "the other conditions" just mentioned, the principal ones are

(1) the quantity or volume of "the things other than money" which are exchanged,

(2) the volume of credits, and

(3) the rapidity with which money circulates.

We will first consider

The "Volume of the Things Other Than Money which are Exchanged:"

With Improvement in Production, individuals bring forth a greater quantity of commodities with each hour of labor. Where a greater quantity of commodities is produced within a country, *it is manifest that the volume of money in that country must increase proportionately, or prices taken as a whole will fall,* provided all other conditions remain the same; for example, if the rapidity of the circulation remains the same and the volume of credit remains the same.

If with the Increase in Population there is an increase in the quantity of commodities produced, *then there must be a proportionate increase in the volume of money in circulation if prices in general are to remain the same.* This is on the supposition that other conditions remain the same; for example, the rapidity of circulation, volume of credit, etc.

We shall next consider

"The Rapidity With Which Money Circulates."

A five dollar bill may pass through several hands during a single day, or it may be kept by an individual a month or more without being put to use. This illustrates the fact that *there are great differences in the rapidity with which money circulates.* When business is normal the Habits of a people combined with the Laws under which they live *determine the rapidity with which money circulates.* For example, to the extent that the habit of a people is to purchase family supplies on credit and pay at the end of each month, then the month's pay when received is paid out at once and thus the money is kept circulating; whereas, if the habit is to make cash purchases, then the month's salary is some of it kept for an entire month. It is generally recognized that the habit of making cash payments should be encouraged, but in proportion as this habit increases *there must be an increase in the volume of money or*

general prices must fall unless offset by other conditions.

Money is made to circulate more rapidly by depositing it in a bank and checking against it as funds are needed. The banks loan out from three-fourths to nine-tenths of the money deposited with them *and thus it is that the money is made to circulate more rapidly.*

We shall now consider

"The Volume of Credits."

The people who deposit with banks become the creditors of the banks, and the banks which loan out the money deposited with them become the creditors of those who borrow from them. Now, if from some cause the depositors desire quite generally to withdraw from the banks the loans which they have made to them, *the result is that the banks have to pay out the money which they have on hand, or close their doors.* **This money is then hoarded for a time in either case.** A LIABILITY TO HAVE THIS GREAT CHANGE OCCUR REQUIRES THAT, TO OBVIATE THIS DANGER, THE LAWS SHOULD BE SUCH THAT OTHER MONEY CAN AT ONCE SPRING INTO EXISTENCE TO TAKE THE PLACE OF THAT WHICH HAS BEEN WITHDRAWN FROM USE, OR GENERAL PRICES WILL FALL VERY GREATLY AND THE EXCHANGES OF SOCIETY BE BROUGHT ALMOST TO A STANDSTILL. Bank Credit, while it serves to increase the rapidity of circulation, is a dangerous factor, unless the laws provide that money can quickly be brought into existence to take the place of money withdrawn from circulation through a bank creditors' scare.

Another illustration of the way credit affects prices is as follows: Within a country there is always a large amount of debts *payable on demand.* When business is in its usual state the demands for payment *average about the same each day,* but let something arise which causes an almost universal demand for the payment of *all debts due* and the result is that **the money in use is not sufficient to do this increased work unless general prices fall.** THEREFORE THERE SHOULD EXIST A SYSTEM WHEREBY MONEY CAN AT ONCE SPRING INTO EXISTENCE TO MEET THE INCREASED DEMAND FOR MONEY. General Credit, while it serves many good purposes, is a dangerous factor, unless the laws provide that money can quickly be brought into existence to take its place whenever it (Credit) is withdrawn.

We shall present to you a third illustration: When business is in a normal condition many Commodities and Services *are exchanged for credit.* To the extent that this occurs, money is not used except where the debt is paid with money. Now, if anything occurs which *quite generally puts a stop to the exchanges of commodities and services for credit,* **it is manifest that money must step in to take the place of credit if the usual exchanges are to continue. This increased demand for money lowers prices** UNLESS THE SUPPLY OF MONEY INCREASES IN QUANTITY PROPORTIONATE TO THE INCREASED DEMAND.

The foregoing illustrations demonstrate the need of an Elastic Supply of Money.

Concerning the several Facts and Principles thus far stated in this note we add

The Statements of Eminent Economists:

Says John Stuart Mill: "The [exchange] value of money, *other things being the same,* varies inversely as its quantity; every increase of quantity lowering the [exchange] value, and every diminution raising it in a ratio exactly equivalent." "If the whole money in circulation was doubled prices would double [***other things being the same***]. If it was only increased one-fourth, prices would rise one-fourth." (Principles of Political Econ-

omy, chapter on "The Value of Money.")

Alfred Marshall, Professor of Political Economy in Cambridge University, England, and whose Principles of Economics (1891) is used in all our leading universities, was examined by the British Gold and Silver Commission, December 19, 1887, and the following dialogue occurred:

Remark by the Right Hon. Lord Hershell, chairman: "As to the question which has been raised of the dependence of prices *upon the quantity of the currency*, what observations have you to make? Answer: I accept the common doctrine that prices generally rise, *other things being equal*, in proportion to the volume of the metals which are used as currency. I think that changes in the other things which are taken as equal are very often, perhaps generally, more important than the changes in volumes of the precious metals [currency].

The "other things which are taken as equal" and which the Professor remarks "are very often, perhaps generally, more important than the changes in volumes of the currency" are principally changes in the amount of Credit at different periods of time; changes in the Rapidity with which money Circulates, for example, when banks are suspected of not being safe and money is hoarded; other changes which affect prices are changes in the Habits of the people, whereby instead of purchasing family supplies on credit they keep by them a sufficient amount of cash to last from month to month. See later in this note for further illustrations.

Question: In what sense do you use the word "currency" when you speak of the dependence of prices upon the quantity of the currency? Answer: I do not think that that doctrine depends very much on the question where the line is drawn. I believe that you can make the theory valid with almost any definition of currency, *provided, when you have once adopted it, you adhere to it throughout;* but I myself use the term "currency" to include everything which passes from hand to hand as a means of purchasing without requiring any special or trade knowledge on the part of those who handle it.

Question: Then you do not limit it to either gold or silver, or gold and silver? Answer; No; I include paper money.

Question: And not only bank notes, but checks? Answer: No, because a check requires the receiver to have formed some opinion for himself as to the individual from whom he receives it. If a stranger offers me a five pound note I am willing to give him five sovereigns for it, if I feel sure it is a genuine note; but if he offers me a check I will not give him anything for that unless I happen to have special knowledge of the person who offers it." (¶¶9629-32.)

As to **the manner in which the increase in the amount of currency operates to cause a rise in prices,** Professor Marshall in his evidence before the Gold and Silver Commission, December 14, 1887, stated that the increase in the quantity of gold coming into this country in the ordinary way through the bullion dealers acts "at once upon Lombard Street [acts at once upon the banks] *and makes people inclined to lend more; thereby swelling deposits and book credits and so enabling people to increase their speculation with borrowed capital; it would, therefore, increase the demand for commodities and so raise prices.*" (¶9641.)

Question: But the rise in prices "would not be because it added very much to the volume of the currency, but it would be the indirect effect of making loanable money cheap? An-

swer: That would be only its *immediate* effect, but it would have the ultimate effect of *adding to the volume of the currency required for circulation*, as I think; because, *prices having risen*, a person who had found it answer his purpose to have on an average 17£ in currency in his pocket *would now require 18£ or 19£; and so on for others.*" "Except in so far as the methods of business change *a rise of prices requires people to use more currency for retail transactions*, and, other things being equal, an increase in the amount of the precious metals [currency] seems to me to raise proportionately the uses of them for all purposes."

Of course if there is *no increase* in the amount of currency in the country "a flutter of prices upward" *will not be sustained*, for, the habits of business being unchanged, a rise of prices requires an increase of the coin in people's pockets to sustain it." (¶9661.) But *where the increase in the amount of currency* results in a "flutter of prices upward, *that flutter would be sustained*, because there being this larger amount of silver to be had people would have the means of keeping a larger quantity in their purses." (¶¶9643, 57, 61.)

The foregoing is again stated in the following:

"Question: The way in which the prices are affected is that increased bullion lowers the rate of discount, lowering the rate of interest, promotes speculation, and so raises prices, and then the result of that is that *prices being raised the people will need more currency to carry on their speculations.* Does that properly represent your view? Answer: Yes. When I say lower the rate of discount I do not mean anything more than *a flutter downwards.*" "In my opinion **the PERMANENT rate of discount has no connection with the amount of currency.** The center about which discount fluctuates in my opinion is determined *by the profitableness of the business.*"

"I conceive the average rate of discount during the last ten years has had nothing to do with the supply of precious metals, except in so far as the fear of a further fall of prices has deterred people from new enterprises. If the supply of the precious metals had been twice larger, then the average rate of discount would not have been considerably affected.

The way in which an increase of bullion raises prices *permanently* is that it "would have a considerable effect in fluttering prices upwards *and when once fluttered upward they would be held up by the fact that there was a currency to sustain the higher prices.*"

Furthermore, it must be remembered that the influx of bullion would have caused people meanwhile to *expect* a rise of prices, and therefore be more inclined to borrow for speculative investments. *Thus it might not be necessary to lower the rate of discount very much.* The increased demand would meet the increased supply half way and after a time might turn it, causing a rise in the rate of discount.

Resume: "This, then, is my account of the way in which this extra supply of precious metals would bring prices up: Having been raised, they would be sustained, because, the methods of business remaining stationary, if a man with an income of 1,000£ keeps on the average 12£ in his pocket, and if there is more currency in the country so that his share is increased from 12£ to 14£, then what was bought by 12£ would in future be bought by 14£; the higher prices are sustained by the fact that the amount of cash which a person cares to keep depends upon the habits of business in his particular rank of life, together with his individual peculiarities; if they have not changed, any increase in the amount of

currency which falls to his share will raise proportional prices so far as he is concerned."

The amount of currency one wants "depends chiefly on one's habits. But the habits *remaining the same* it *depends on the level of prices.* I have watched that with regard to myself when traveling in different countries. I used to spend something like 15£ a month when traveling in the cheaper parts of Germany. When I went to America I calculated to spend, and I did spend, exactly four times that amount. No doubt I traveled over larger distances then, but I wanted to carry three times as much money in my pocket to pay my way at American hotels as at German country inns. I admit that the tendency is for all well-to-do people to keep less cash about them, and in fact when a person is living at home he very likely may handle no money at all; but when he travels he has to calculate what his expenses will be and he generally calculates it very closely so as not to burden himself with superfluous cash. Well, a common people have no bank account and we must recollect that with regard to *numbers* it is common people that count and not the well-to-do people. The working and lower middle classes are getting wealthier and they are able to have more money in their pockets. I have noticed a good deal of evidence to the effect that 'the people' do not carry about them as much coin as they used to. Those who do not are the upper million, or, perhaps, the upper three million, but the remainder make almost all their purchases with gold and silver." "I think that the demand for coin is chiefly the demand from the lower 70 or 80 per cent. of the population. (§§9662, 79, 84, 86, 87, 95.)

"Question: Yes, but do not these classes very soon after they get the money pay it away to people who generally have a banking account, so that all that would happen would be that they may possess it for a day or two or three days, but that within the course of a week it will have found its way to someone having a bank account and they may have the same money given up to them the next week? Answer: That is true, no doubt, of a very large part of the population. Were it not so I think we should require two or three times as much gold [currency] as we do. (§9688.)

"Question: And is that not a process which is developing? Answer: I am not sure whether it is going on very fast just now. I spoke just now about our want of statistics. Of course, the co-operative movement and the habit of paying cash, even when dealing with shopkeepers, *does tend to cause the workingman to keep cash by him a little longer*, though I admit he has still a habit of emptying his pockets in a very short time after he receives the money." (§9698.)

Thus far in considering the Causes which determine General Prices they have been causes which proceed from *within* a country. We will now consider

THE EFFECT OF INTERNATIONAL TRADE.

In the countries which use either gold or silver for money and at its bullion value (as gold is used in the United States, England and the European countries), **the prices of export commodities are kept on a level in the several countries (plus cost of transportation) through the balance of trade being paid in the precious metals.** For example: Business men in New York purchase in the cheapest market, and therefore they purchase in Europe when they can do so to advantage. As a consequence, if our prices are above the European prices (plus the cost of transportation) they

IV. STABILITY IN THE EXCHANGE VALUE OF MONEY THE DESIDERATUM.

Now, it is manifest that stability (fixedness, absence of fluctuation) in the exchange value of money (general prices) is important in all cases where:

(1) There is an Obligation for the Payment of Money at some Future Time.

(2) In all cases where Prices are Fixed by Law.

(3) In all cases where Prices are Fixed by Custom or by Monopoly.

(4) And in all cases where Individuals are Engaged in Production with expenses, such as prices fixed by law or by custom, and with rents, wages, taxes, etc., which do not readily become adjusted to a change in the value of money.

More shortly stated: **Money through its being the** MEDIUM OF EXCHANGE **is the** MEASURE **of exchange value,** and that this measure should be as Stable as possible is a conclusion which we naturally arrive at. **All acknowledge that stability in the measures of weight, length and cubical dimensions is right; and that obligations of contracts should not be violated, nor should a person be deprived of his property against his will, except where the general welfare demands it, and then he should be paid for it wherever it is possible to do so.**

A CHARTER OF RIGHTS AS EARLY AS 1215 (MAGNA CHARTER) ENUN-

purchase abroad and the balance of trade is paid in the precious metals, *thus lessening our volume of money until our prices fall sufficiently for us to keep our proportion of the money metals.*

The gold and silver sent to settle the balance of trade goes out **at its bullion value and not at the face value of the coins,** for the "dollars" of the United States are not a legal tender in England or any other foreign country, and an English "sovereign" is not a legal tender in the United States. A United States law makes 25.8 grains of standard gold, when coined by the United States mint, a dollar, but we pay our balance of trade with other countries in silver *bullion* or gold *bullion*, or both. During 1895 we exported silver bullion to the amount of 63 million dollars and gold bullion to the amount of 72 million dollars. (Appleton's Annual, 1895, p. 285.)

Now I will ask you to continue by commencing at the beginning of the section *to which this note is appended,* read the text through and then go into the text of the succeeding section, and by so doing omit this note. The principles set forth in this note, while not essential to an understanding of the immediate text, are essential to an understanding of the money question when we come to consider the remedies for falling prices.

CIATED THESE PRINCIPLES EXCEPT AS TO MONEY. They were confirmed in the Petition of Right (1625), and the Bill of Rights (1689), each of which became necessary *by reason of usurpations*. The Constitution of each of the Commonwealths of the United States reaffirmed these fundamental principles, and when the Constitution of the United States was formed it also was made to enunciate them. **An important step in advance was made in this Constitution by recognizing that the exchange value of money should be regulated by the government; it lodged in Congress the power "to coin money,** REGULATE THE VALUE THEREOF, **and of foreign coin."** This *empowering* Congress to regulate the measure of exchange value is impliedly **a command to regulate it,** for the Commonwealths have been deprived of the power, *and each unnecessary fluctuation in the measure of exchange value violates the obligations of contracts, takes private property without giving anything in exchange,* **and when the measure is increasing** (when the general prices of commodities fall), **society tends to disintegrate.** This latter point will be fully proven; at this place we will simply set forth below the opinions of a few who have examined into the effect of falling prices.[1]

[1] OPINIONS OF EXPERTS.

Locke, the philosopher and financier, (born 1632, died 1704), says that money, "as the measure of commerce, ought to be kept **as steadily and invariable as may be.**" (Address of the Master of the English Mint in 1816, proposing for England the use of gold alone.)

Ricardo, an English banker and an eminent economist, writing in the early part of this century, said: "All writers on the subject of money have agreed that uniformity in the value of the circulating medium is an object greatly to be desired. Every improvement, therefore, which can promote an approximation to that object, by diminishing the causes of variation, should be adopted. * * * A currency may be considered as perfect, of which the standard is invariable, which always conforms to that standard, and in the use of which the utmost economy is practiced. * * * During the late discussions on the bullion question [1810-1816] it was most justly contended that **a currency to be perfect should be absolutely invariable in [exchange] value."** (Proposals for an Economic and Secure Currency, sections 1, 2.)

The need of society for a Stable Measure of Exchange Value was thus set forth in 1875 by W. Stanley Jevons, M. A., F. R. S., Professor of Logic and Political Economy in Owens' College, Manchester, England, and whose writings are used throughout the English-speaking world as text-books in the universities and colleges.

"It is evidently desirable that the currency should not be subject to fluctuations of value. **The ratios in which money exchanges for other commodities should be maintained as nearly as possible invariable on the average.** This would be a matter of comparative minor importance were money used only as a measure of values at any one moment, and as a medium of exchange. If all prices were altered in like proportion as soon as money varied in value no one would lose or gain except as regards the coin which he hap-

pened to have in his pocket, safe or bank balance. But, practically speaking, as we have seen, people do employ money as a *standard of value for long contracts*, and they often maintain payments at the same invariable rates, *by custom or law*, even when the real value of the payment is much altered. Hence **every change in the value of money does some injury to society."**

"It might be plausibly said, indeed, that the debtor gains as much as the creditor loses, or *vice versa*, so that on the whole the community is as rich as before; but this is not really true. A mathematical analysis of the subject shows that to take any sum of money from one and give it to another will, on the average of the cases, injure the loser more than it benefits the receiver. A person with an income of one hundred pounds a year would suffer more by losing ten pounds than he would gain by an addition of ten pounds, because the degree of utility of money to him is considerably higher at ninety pounds than it is at one hundred and ten. On the same principle, all gaming, betting, pure speculation, or other accidental modes of transferring property involve, on the average, a dead loss of utility. The whole incitement to industry and commerce and the accumulation of capital *depends upon the expectation of enjoyment thence arising*, and *every variation of the currency tends in some degree to frustrate such expectation and to lessen the motives for exertion.*" (Money and the Mechanism of Exchange, p. 39.)

In the above it is "the ratios in which money exchanges for other commodities," that is to say, **it is general prices of commodities which "should be maintained as nearly as possible invariable on the average."**

In the words of Dr. Sherwood, of Johns Hopkins University: "The ideal that we want, so far as price adjustment is concerned, is to keep Stable Prices, so that a contract which is payable in one year from now can be paid with **just the amount of commodities which will then represent the value stated in the contract of to-day."** (History and Theory of Money, p. 225.)

The manner in which the justness of stability in the general prices of *commodities* is most frequently set forth is by those advocating the settlement of "deferred payments extending over considerable time," by means of what is usually termed the Multiple Standard. By this is meant that the prices of the leading commodities *taken as a whole* be chronicled from week to week and from month to month, and each time the total, after being struck, reduced to an index number which shows the increase or decrease in the exchange value of money, *the debt to be settled by such a sum of money as will repay* **the exact exchange value** *which the debtor received.*

Of this plan Gen. Francis Walker in his Elements of Political Economy, says (p. 365): "In short, **it is a means of giving and taking credit without receiving an unearned advantage or suffering an undeserved injury through fluctuations in the** [exchange] **value of money."**

Professor Jevons, after having studied for years the effect of falls in general prices and the effect of rises in general prices, says: "The advantages which would arise from the establishment of such a standard **would add a wholly new degree of stability to social relations."** (Money and the Mechanism of Exchange, p. 333.)

And J. Laurence Laughlin, Head Professor of Political Economy in the University of Chicago, and whom you all know as a gold standard advocate, in his Elements of Political Economy says of "the function of money as a means of paying long contracts for debts which run over a long term of years:" "Suppose that I loaned you in

1880 one thousand dollars for twenty years. In that year the thousand dollars bought a certain quantity of corn, wheat, sugar, salt, wood, hats and shoes. Now, in 1900, when you are to pay me back the thousand dollars in money, *if prices have changed*, you may give me back the same amount of money, *but you will not return to me the same purchasing power over other things.* If for some reason prices *have fallen* between 1880 and 1900, it will take less money to buy the same quantity as before of corn, wheat, etc. If so, the thousand dollars you return to me in 1900 will be of more value than the thousand dollars I gave you, **and it would be unjust to oblige you to give me more than you borrowed.** If, on the other hand, *prices have risen*, then the thousand dollars in money would buy me *less* than before, so that I should lose, while you wou d be the gainer. Now this is *wrong.* **Every man ought to give back just what he borrowed; no more, no less."**

Again he says: "The exchange value of money is a relation of money *to all things which are exchanged for it.* A change in any one of the thousands of articles for which money is offered every day modifies the relation between money and other things. Changes in the way of making commodities are constantly going on, so that the amount of every article which is exchangeable for any given quantity of gold is always varying. Hence the value of money does not rema.n the same for any length of time; and the *precious metals*, while they are very satisfactory for the exchanges which do not take very long to complete, *cannot serve as a proper measure of value* during a long term of years * * *. One way suggested to get a standard of payment for long contracts is by a device known as the multiple standard. A long contract, like a government or railway bond, ought not to be settled by paying back the amount of gold or silver borrowed, but **by giving the lender a sum which would, at the time of repayment, purchase the amount of commodities for which the money loaned could have been exchanged at the time that it passed from the lender to the borrower."** (pp. 73, 75, 76.)

Professor Marshall, of Cambridge University, England, whose principles of Economics, just published, are used in our universities, is an ardent advocate of the multiple standard, and at the same time an ardent advocate of the gold standard as against England's entering into an agreement for the establishment of a bimetallic standard. In a paper read in 1885 before the "Industrial Remuneration Conference" he advocates the multiple standard, asking that **the government "should publish tables showing as closely as may be the changes in the purchasing power of gold,** and should facilitate contracts for payments to be made in terms of **units of fixed purchasing power."** He further says: "On this plan if A lends to B one thousand pounds at 4½ per cent interest and after some years the purchasing power of money has risen an eighth, B would have to pay as interest not 45 pounds, but a sum that had the same purchasing power as 45 pounds had at the time of borrowing, that is. 40 pounds. And so on. The plan would have to win its way into general use. but when once it had become familiar **none but gamblers would lend or borrow upon any other terms,** at all events for long periods."

R. B. Chapman, Financial Secretary to the Government of India from January, 1869, to March, 1881, said to the British Gold and Silver Commission. January 27, 1888: "To my apprehension *a steady standard of value is absolutely necessary for the purposes of commerce and* **if stability of standard is lost, commerce is paralyzed.** That in my apprehension is what has occurred

The great importance of Stability in the measure of exchange value (Stability in general prices) and the fact that the Constitution of the United States specifically empowers Congress to regulate this measure *leads us to inquire into* **the views of those of our statesmen who are elected to office or who aspire to hold office.**

VIEWS OF PUBLIC OFFICIALS AND ASPIRANTS FOR OFFICE.

In this inquiry the first thing we notice is the fact that the President of the United States, the Heads of the Departments and many of the Senators and Congressmen demand "sound" money, "safe" money, "good" money, the "best" money, or "honest" money. **Why don't they demand a Stable Money** (Stable General Prices)?

These same individuals say "we should not have a depreciated currency," but we look in vain to find where they decry an *appreciating* currency (falling prices). Why is this? There must be some reason for it!

President Cleveland, in his letter to Chicago parties dated April 13, 1895, and evidently intended for publication, uses the terms "sound money," "safe money," "debased currency," "debased, redundant and uncertain currency," and "degenerated currency." Now, why did he not also decry an *appreciating* currency (falling prices)? **The reason is evident when we come to examine the tables of prices which show** THE GREAT INCREASE IN THE MEASURE OF EXCHANGE VALUE SINCE THE ADOPTION OF GOLD AS THE MEASURE IN 1873.

Secretary of the Treasury Carlisle, in his speeches at Covington Kentucky, and Memphis Tennessee, nowhere declares for a stable measure of value, but pleads for "an existing standard of value * * * as can be maintained *without* * * * *diminishing* the purchasing or debt-paying power." **This is very good as a half-truth, but why did he not utter the other half of the truth and argue against "an appreciating currency** (falling prices)? To have done so would, as we shall see, have condemned the "existing standard," the standard for which the Secretary of the Treasury is working.

Mr. John Sherman of Ohio, elected to Congress in 1854, in 1860 was Chairman of the House Committee of Ways and Means, was elected

since the year 1873. The *evidence* of that loss of stability I see in the universal fall of gold prices * * *."

"The continuous appeciation of gold is exceedingly discouraging to trade because you have nothing more discouraging to enterprises of every sort than the prospect of a continuous fall of prices." (¶¶ 10230, 10257.)

Senator in 1861, became Chairman of the Senate Committee on Finance in 1867, and continuing in that position until he became Secretary of the Treasury, has just written an autobiography in two volumes *in which he nowhere speaks of stability in the exchange value of money* (stability in the general prices of commodities), except as he impliedly accepts gold as stable and then measures the stability of silver by it—a manifest fallacy (see below). **Why is it that this man who has led the financial legislation for over forty years does not discuss stability in the measure of exchange value** (general prices)?

POSSIBLY THE PEOPLE WHEN THEY LOOK INTO THIS THING WILL FIND THAT THERE HAS BEEN A USURPATION OF THEIR RIGHTS AND THAT IT IS NECESSARY TO WRING FROM THOSE IN POWER ANOTHER CHARTER OF RIGHTS!

Major McKinley of Ohio, elected to Congress in 1876 and for the succeeding 14 years served continuously in the House of Representatives, was appointed Chairman of the Committee on Ways and Means in 1889, was Chairman of the Committee on Resolutions in the Republican National Conventions of 1884 and 1888, elected Governor of Ohio in 1891, and nominated for President of the United States in 1896, in discussing a bill for the free coinage of silver in 1890, whereby *the appreciation in the measure of exchange value would be somewhat lessened*, said: "They [the bimetallists] talk about silver being cheap money [will raise the prices of commodities]. And gentlemen no longer conceal on that side [Democratic side] and on this [the Republican side] that the reason they want silver is because it is cheap. I am not attracted by that word 'cheap,' whether it applies to nations or to men, or whether it applies to money. Cheap, as the term has been employed in this debate, is an evidence of financial demoralization and commercial inferiority. Cheap is a badge of degradation, whether it is applied to individuals or whether it is applied to money."[1]

Now, why didn't he also say that he was against a "dear dollar?" **It is a one-sided policy which declares against "cheap" money and has no condemnation for "dear" money.** Later we will present to you facts which will perhaps explain his silence on this point and reveal his motives for it.

Compare the above with

EARLY REPUBLICAN AND DEMOCRATIC DOCTRINE.

Abraham Lincoln as a young man fought against falling prices (speech quoted below), and in 1862 in his annual message to Congress he said: "Fluctuations in the value of currency [fluctuations in gen-

[1] Speech in the House of Representatives June 25, 1890.

eral prices] are always injurious and **to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation.**" Here he advocates a money which does not depreciate nor appreciate. "Honest Abe" would have as soon thought of cutting off his right hand as of advocating a measure of value which *should not be lowered* without at the same time saying that it should not be *increased.*

James G. Blaine on the floor of the House, February 10, 1876, said: The Money Question "should be approached in no spirit of partisan bitterness. * * * Firmly attached to one political party myself, firmly believing that parties in a free government are as healthful as they are inevitable, I still think **there are questions about which parties should agree never to disagree;** and of these are THE ESSENTIAL NATURE AND VALUE OF THE CIRCULATING MEDIUM."

In 1878 Mr. Blaine (then a Senator), advocated the free coinage of silver in order to stop the increase in the exchange value of money—stop the fall in general prices. Eight days after he introduced his free coinage bill he became engaged in a running debate, in which he declared that an honorable man should pay back in money "*as good as he got,*" [1] and this implies that it should be no dearer than that which he borrowed.

The stand which Jefferson and Jackson took for stable money (stable general prices) made them Pillars of Light on the money question. Later we will quote them fully. (For illustrations see next page.)

We will now turn to

PARTY PLATFORMS.

Those who advocate the remedy of the free coinage of silver and gold at the present legal ratio of 16 to 1, say that the general welfare is best promoted when the exchange value of money (general prices of commodities) is kept stable—*does not increase nor decrease.*[2]

The opposition, however, in their national platform adopted at St.

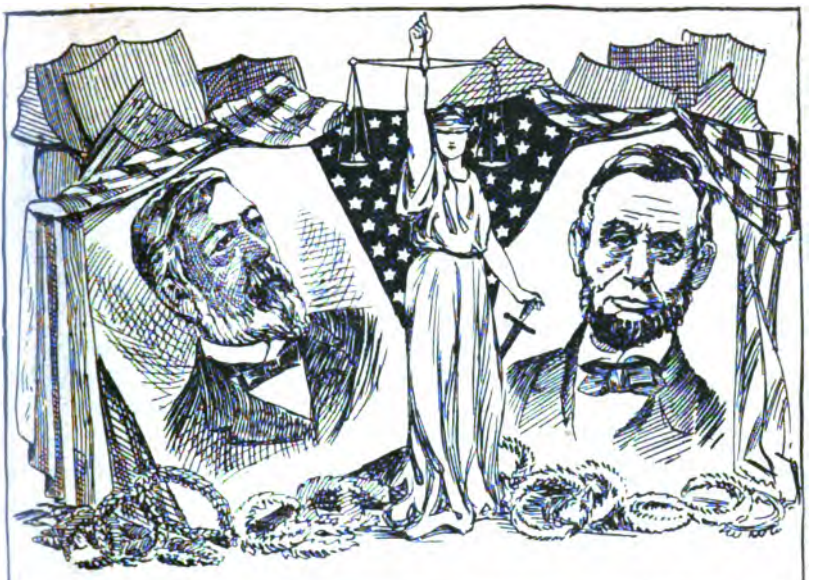
[1] 45th Congress, Second Session, p. 1092.

[2] At the time this is given into the printer's hands the Bimetallic National Conventions of '96 have not been held, but there are, however, the following enunciations of principle:

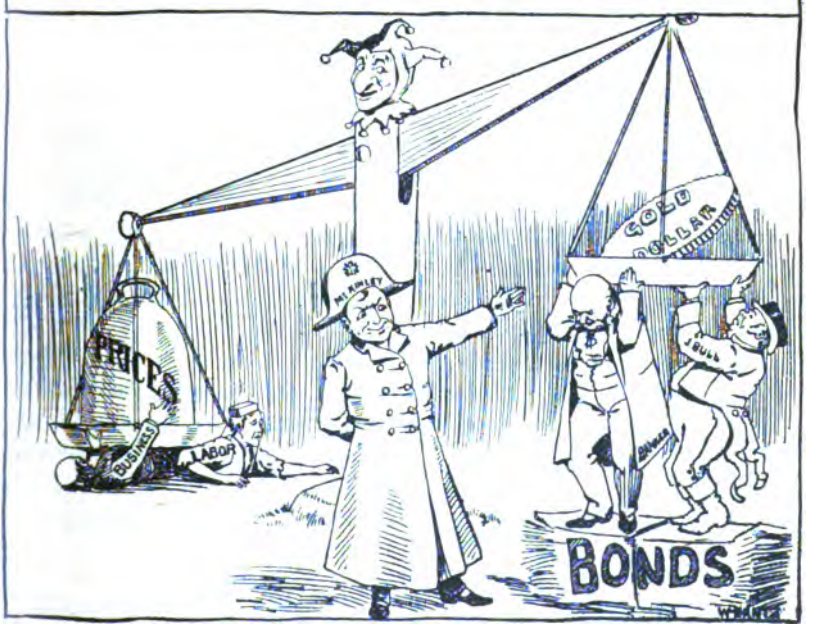
The American Bimetallic party at a meeting in Washington, January 22, '96, said: We are in favor of such a money that "The American debtor may pay his just obligations in an honest standard and *not a standard that has appreciated 100 per cent above the great staples of our country* [a fall of 50 per cent. in the general prices of commodities]."

The several Bimetallic State Conventions which have been held since January, '96, have each demanded that silver be restored to stop the fall in general prices and thereby secure more stable prices.

DEMOCRATIC DOCTRINE COMPARED



"HONEST ABE:" } The Measure of Value should be Stable—it should
JAMES G. BLAINE: } neither Increase nor Decrease



NAPOLEON MCKINLEY: } **The Measure of Value should not Decrease—**
Sound Money is Money that Doesn't Depreciate.

Louis, June 18, '96, say: "We are unalterably opposed to every meas ure calculated to debase our currency." Here they cry out against mone *which depreciates.* Now this is all very well as a half-truth **but why d they fail to cry out against money that** APPRECIATES (FALLING PRICES) **To do so would be against the interest of** THE CREDITOR CLASSES an **it would** UNSPARINGLY CONDEMN THE GOLD STANDARD.

"PARITY."

The demands of the Bimetallists that money should remain stabl in exchange value (general prices of commodities should remain stable) is sometimes expressed by saying that **"There should be maintained parity** BETWEEN MONEY AND COMMODITIES.[1]

Those opposed to the bimetallists say that there should **be main tained a parity between** THE DIFFERENT KINDS OF MONEY, AND THE USUALLY OMIT TO STATE THEIR CONCLUSIONS AS TO THE PARITY BETWEE MONEY AND COMMODITIES (GENERAL PRICES).[2] Now why do they do this Is it because people swap dollars for dollars? **Or is it to evade th consideration of the parity of dollars and the things against whic money exchanges (general prices)?** See page 480, below.

"SOUND DOLLAR." "GOOD" DOLLAR."

Major McKinley in a speech at his home shortly after his nomina tion for President (June 27th) said: "What are these [Republican] principles, my countrymen?" The tariff question was elaborately se forth and he continued, "And then a sound dollar, as sound as th government and as untarnished as its flag (loud cheers); a dollar tha is good not only at home but good wherever trade goes; a dollar that as good in the hands of the farmer and the workingman as in the hand of the manufacturer or the capitalist." (Cheers.)

Here there is no demand for Stability in the Purchasing Power o money, but he simply utters platitudes. The question is, **Does he us "sound" and "good" as terms of definition or evasion?** Remem ber that he stands on a platform **pledged to a Continuance of the gol standard.** Let us turn and examine it, bearing in mind that stability i the general prices of commodities, that is to say, stability in the exchang value of money, is the desideratum.

[1] Same effect is the preceding note.

[2] The Republican National platform of 1896 says: "All our *silver and paper currency must be maintained at parity with gold,*" and it also expressly declare against rising prices for commoditie *but omits to state that they should not fa lower.*

V. THE GOLD STANDARD.

A. THE GREAT FALL IN GENERAL PRICES.

1. General Statement.

Taking as a basis of comparison the average of the 11 years 1867-77 (which is the average of the 25 years 1853-77) we find that **for January and February of 1895, the gold price of 45 leading commodities at wholesale had, in England,** FALLEN 40 PER CENT.[1]

SAUERBECK'S TABLE OF GENERAL PRICES.

The course of prices of 45 commodities at wholesale in England. The basis of comparison—100—is the average of the years 1867-77 (which is also the average of the 25 years 1853-77).

Year.	Index Number.	Year.	Index Number.
1846	89	1872	109
1847	95	1873	111
1848	78	1874	102
1849	74	1875	96
1850	77	1876	95
1851	75	1877	94
1852	78	1878	87
1853	95	1879	83
1854	102	1880	88
1855	101	1881	85
1856	101	1882	84
1857	105	1883	82
1858	91	1884	76
1859	94	1885	72
1860	99	1886	69
1861	98	1887	68
1862	101	1888	70
1863	103	1889	72
1864	105	1890	72
1865	101	1891	72
1866	102	1892	68
1867	100	1893	68
1868	99	1894	63
1869	98	Jan. and Feb., 1895	60
1870	96		
1871	100		

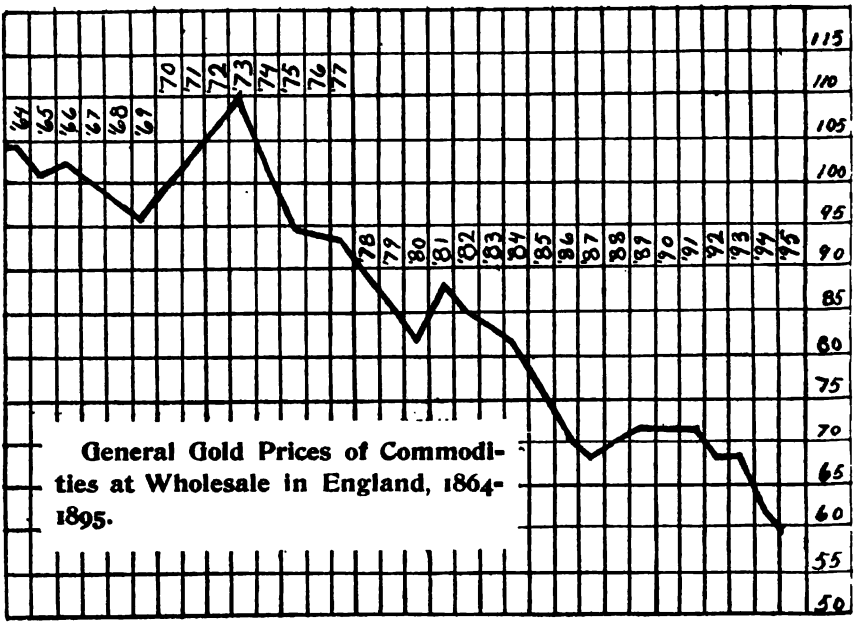
(Chart, see next page.)

Mr. Augustus Sauerbeck, F. S. S., states that the plan under which he has prepared the above statistics is to collect the wholesale English prices of each of the above 45 commodities, **giving to each article a prominence in proportion to the quantity produced.** As to the result, he says:

"I have *checked my figures* to some extent by *calculating also according to quantities*, * * * and found that **the change in prices was, if anything, more important than is actually shown by my ordinary index numbers, but that it did not differ materially.**" (Testimony before the English Gold and Silver Commission, December 8, 1886, Section 905.)

This statement is borne out by the statistics prepared by Inglis Palgrave, F. R. S., for the English Commission on the Depression Trade. The tables prepared by Mr. Palgrave take the wholesale prices in England of 22 commodities, as published by the London Economist in its table of prices, and he assigned to each article *the actual quantity*, thus giving the exact proportion (ratio) between these commodities and the gold for which there are exchanged. Comparing Mr. Palgrave's index numbers showing the fall in general prices with the index numbers given by Mr. Sauerbeck we find that between January, 1878, and July, 1887, Mr. Sauerbeck's index numbers show a fall of 22 per cent. while Mr. Palgrave's show for the same length of time a fall of 23½ per cent.

Still another table of prices in which the *actual quantity* of commodities is taken into consideration and the quantity of gold for which they are ex-



General Gold Prices of Commodities at Wholesale in England, 1864-1895.

In the United States, on the same basis of comparison, **the wholesale prices of 223 commodities have fallen** 50½ PER CENT.[1] (We were on a paper money basis from the beginning of 1862 to 1879, and from 1879 to the present time on a gold basis, *i. e.*, gold used as money at its bullion value.)

changed is that prepared by Robert Giffin, statistician to the British Board of Trade. He took the prices *and quantities* of Br tish imports and British exports. Not all the years are given by him, but enough is given to show that the fall in the general price of British *imports* is almost the precise fall which Mr. Palgrave gives, but the fall in the general prices of British exports is not quite so great.

To the same effect as Mr. Sauerbeck's tables are the tables prepared by Dr. Soetbeer of Hamburg, containing 100 Hamburg articles and 14 articles of British export; and the tables prepared by Professor Nicholson of Edinburg University.

All the foregoing tables are quoted in the Final Report of the English Gold and Silver Commission, sections 47-63.

Recommendation for Sauerbeck's Table of General Prices.

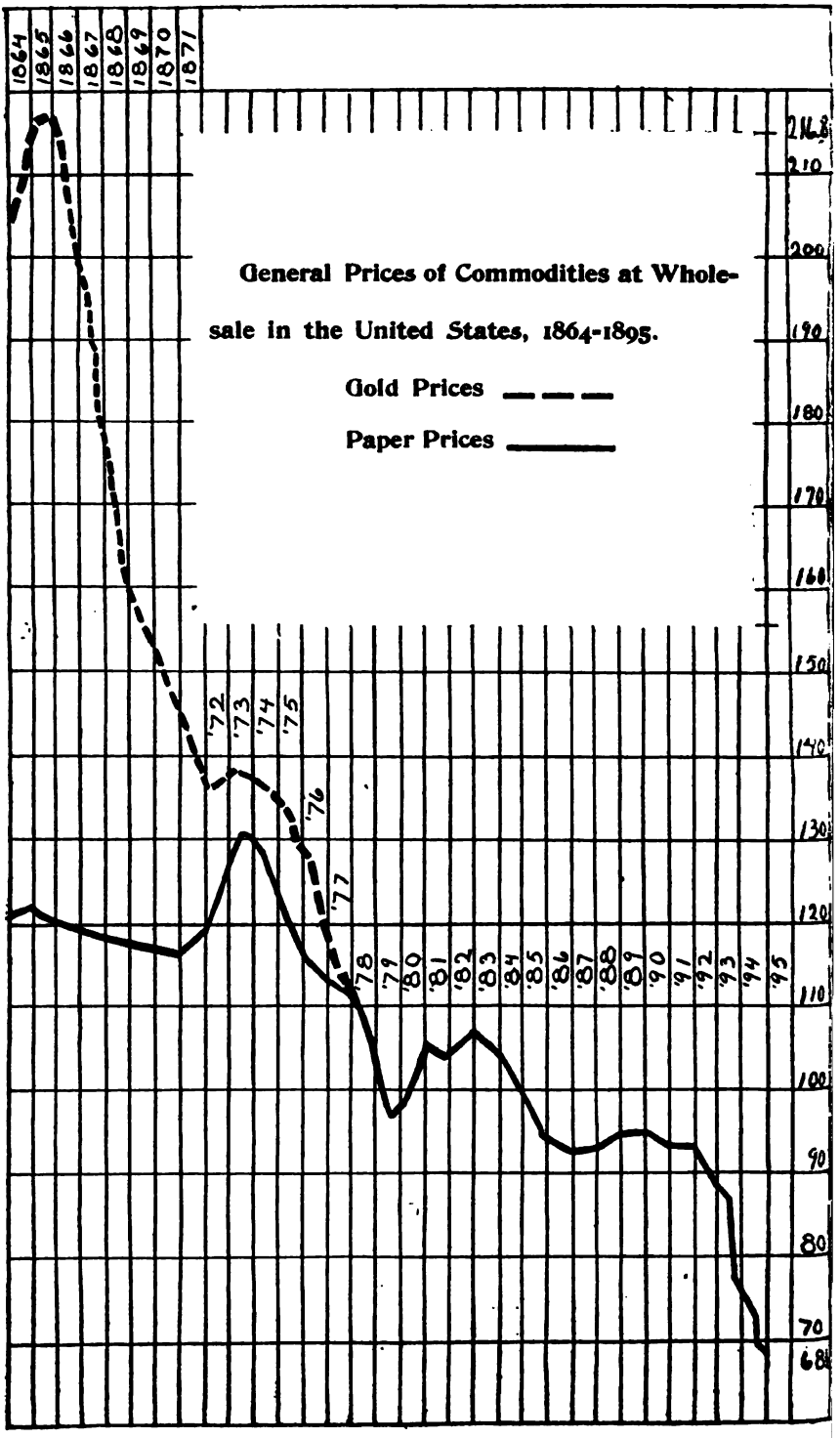
In 1887 the British Association appointed a Committee expressly to consider and report on how a Table of General Prices should be constructed so as to secure the most just measure of value. "The Committee included Dr. Giffin, Mr. Inglis Palgrave and Mr. J. B. Martin, as well as five professors of economics who had given special attention to the matter. They sat for three years, and presented several reports, some of which are highly technical. But anyone who cares to inquire into details, and who will read Dr. Giffin's report in 1889, will find that the Committee substantially confirm the method of construction adopted by careful statisticians like Mr. Sauerbeck, and **that his index number is practically upon the same lines as the one the Committee themselves recommend."** (H. S. Foxwell, Professor of Political Economy at University College, London, in the National Review (Eng.) for January, 1895.)

[1]SENATE TABLE OF GENERAL PRICES.

(Chart, see preceding page).

This table gives the course of prices of 223 commodities at wholesale in the United States. The basis of comparison is the average of the prices for the single year 1860:

Year.	All articles simply averaged.
1840	116.8
1841	115.8
1842	107.8
1843	101.5
1844	101.9
1845	102.8
1846	106.4
1847	106.5
1848	101.4
1849	98.7
1850	102.3
1851	190.5
1852	102.7
1853	109.1
1854	112.9
1855	113.1
1856	113.2
1857	112.5
1858	101.8
1859	100.2
1860	100.0
1861	100.6
1862	117.8
1863	148.6
1864	195.00
1865	216.8
1866	191.0
1867	172.2
1868	160.5
1869	153.5
1870	142.3
1971	136.0
1872	138.8
1873	137.5


1864
1865
1866
1867
1868
1869
1870
1871
'72
'73
'74
'75
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'77
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'79
'80
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'87
'88
'89
'90
'91
'92
'93
'94
'95
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
General Prices of Commodities at Wholesale in the United States, 1864-1895.
Gold Prices
Paper Prices

Year.	All articles simply averaged.
1874	133.0
1875	127.6
1876	118.2
1877	110.9
1878	101.3
1879	96.6
1880	106.9
1881	105.7
1882	108.5
1883	106.0
1884	99.4
1885	93.0
1886	91.9
1887	92.6
1888	94.2
1889	94.2
1890	92.3
1891	92.2
Oct., 1892	91.0

The above index numbers were secured by simply averaging the articles. Other methods were also employed and the results given, but we have set forth only the one series of index numbers, *as they are the ones which our opponents have quoted*, **and we, by accepting them, do away with all question as to the correctness of the figures.** It is important that we agree upon facts so far as possible, in order that the real differences may appear.

The above general prices extend through the years when we were on a paper money basis—1862 to 1879.

The compilers of the statistics which go to make up this Table of General Prices call attention to the fact that Mr. Sauerbeck in his table of general prices (quoted above) took "the prices ruling in the great wholesale market." And they say: **"If the method of Mr. Sauerbeck is correct it is proper to say that the general level of prices was in 1891, 15 per cent below that of 1860," instead of 5½ per cent** A DIFFERENCE OF 9½ PER CENT.

The Senate Table of General Prices was compiled under the direction of the majority of the Finance Committee of the United States Senate:

Majority Members.

Justin S. Morrill, of Vermont, chairman.
John Sherman, of Ohio.
John P. Jones, of Nevada.
Wm. B. Allison, of Iowa.
Nelson W. Aldrich, of Rhode Island.
Frank Hiscock, of New York.

Minority Members.

Daniel W. Voorhees, of Indiana.
John R. McPherson, of New Jersey.
Isham G. Harris, of Tennessee.
Zebulon B. Vance, of North Carolina.
John G. Carlisle, of Kentucky.

The object of the Report is thus set forth by the Resolution which ordered its preparation:

"Resolved, That the Committee of Finance be, and they are hereby, authorized and directed, by sub-committees or otherwise, to ascertain in every practicable way and to report from time to time to the Senate **the effect of the tariff laws** upon the imports and exports, the growth, development, production **and prices of agricultural and manufactured articles,** at home and abroad; **and upon wages,** domestic and foreign; and for this purpose they are authorized to sit, by sub-committee or otherwise, during the recess and sessions of the Senate, at such times and places as they may deem advisable, and to employ a stenographer and such clerical and other assistance as may be necessary; the expense of such investigation to be paid for from the contingent fund of the Senate."

It will be observed that the object in view was "the effect of the tariff laws." To ascertain this, the prices of the principal commodities had to be ascertained and the totals (general prices, i. e., the exchange value of money) reduced to index numbers. Thus there was prepared a Table showing the fluctuations in the measure of exchange value, *but it occurred only as an incident to the tariff question.* **For us to ascertain the effect of the monetary legislation of 1873 whereby the bimetallic standard was demolished,**

Why Prices did not Drop Lower.

This great fall in prices in all gold standard countries would undoubtedly *have been much greater* had there not been great economies in the use of gold **through the extension of the banking and clearing house systems; and an increased use of silver in the United States** as a result of the Allison law of 1878 and the Sherman law of 1890. Under the Allison law the amount added to the volume of money in the gold standard countries is 490 million dollars;[1] and under the Sherman law the amount added is 152 millions.[2]

Percentage of Increase.

We have given the fall in the prices of commodities in general; now let us ascertain the Percentage of the increase in the exchange value of money during January and February of 1895 over the average of the 11 years 1867–77. We find that **in England the increase was 40-60, i. e., 66 2-3 per cent.; in the United States 50.6-49.4, i. e., 102.4 per cent.**

In short, as compared with the average of the 11 years, 1867-77, the measure of value has increased in size 66⅔ PER CENT **in England, and** 102.4 PER CENT **in the United States.** This increase in the measure *was the result of legislation.* **This legislation has been secured by those benefited by an increase in the measure.** Proof of this we shall present to you later.

The injustice of all unnecessary fluctuations in the measure of exchange value we pointed out in the preceding section. This question was considered by the British Gold and Silver Commission (1886-88). Hon. Joseph Chamberlain, M. P., one of the Commissioners (and a gold

we should take the year 1873 or, better still, a number of years at about this time. Mr. Sauerbeck, of England, has taken for his basis of comparison the average of the 11 years 1867-77. *We shall do the same.* First, however, we bring the table of prices down to January, 1895.

DUN & CO.'S TABLE OF GENERAL PRICES.

R. G. Dun & Co., in their report for the week ending January 4, 1895, say: "The prices of commodities are at the lowest level ever known. * * * The average [in the United States] December 26, 1894, being only **68.73 per cent. of the prices in 1860 [49.4 per cent. of the average of the 11 years 1867-77.]**

Corroborative proof is the table of general prices compiled and published by "The American," of Philadelphia Mr. Wharton Barker, editor. Its index number for January 1, 1895, is 79.74 on the basis of 100 as the prices of January 1, 1891. The Senate table of prices for 1891 is 92.2 of the prices of 1860 and this multiplied by 79. 74 per cent gives **73.5 per cent. of the 1860 index number.**

[1] United States Statistical Abstract 1894.

[2] Same citation.

standard advocate) in examining Mr. Smith, M. P., (and bimetallist), said:

"I am right in saying that whatever weight may be attached to the increase in the measure of value it is *not an evil to the country as a whole*, but to one class of the population as compared with another class of the population?" Answer: "My reply to that is that I think all unjust transference of wealth from one portion of the community to another is an evil to the country as a whole."

Question: "I will change the word and say, not that it is not an evil, but that *it is a pecuniary loss to the country;* it is a pecuniary loss to a class of debtors as compared to a class of creditors? Answer: Well, I will give a strong illustration of what I mean; not a very happy one you will think, but it brings out what I mean. Why is thieving a loss to a community? The community is not poorer on account of the money stolen, it is only transferred from one man's pocket to another's, **therefore you might argue it is no disadvantage to a country to have a class of thieves who live by plunder,** but all communities think it is a very great disadvantage. I do not wish to infer the analogy is complete, but I say that any unjust transfer of wealth by means of law from one class of people to another is a great injury to a country, especially when the transfer is made from the poorer to the richer class." [1]

This clear and direct statement of the principles involved in an appreciating measure of exchange value effectually silenced the advocate of the moneyed interests, *who was attempting to show that the general welfare was not injured by the appreciating gold standard.*

Before we state *in detail* the injuries caused by the great increase in the measure of exchange value (great fall in the general prices of commodities) we shall place before you the defense which the attorneys for the moneyed interests make:

2. *The Defense Made by the Attorneys for the Moneyed Interests.*

a. 1860 AS THE BASIS OF COMPARISON.

Of the attorneys for the moneyed interests, probably one of the most conspicuous is **J. Laurence Laughlin, Head Professor of Political Economy, University of Chicago.** To the charge that the legislation in 1873, which destroyed the practically constant ratio between silver and gold (the bimetallic standard), and the legislation since 1873, have resulted in a 40 per cent fall of general prices in England and a 50 per cent fall in the United States, **he answers, not by denying the correct-**

[1] Evidence taken by British Gold and Silver Commission, ¿¿4911-12.

ness of the statistics presented — Oh, no! he does not attempt this because *market prices are matters of record* — **but he takes the year 1860 as the basis of comparison.** Our claim relates to the legislation secured in 1873 and the subsequent years. And he, to evade showing the injustice resulting from this **1873** legislation, compared prices *with the year* 1860. Whenever he did this he, of course, did not in that particular place mention the fact that *the question at issue is the effect of the legislation* **in** 1873 *which destroyed the bimetallic standard of value and brought into existence the gold standard and the silver standard;* **had he done so the fallacy** would **have been seen at once.**[1]

The extent to which this deceptive statement has been circulated is indicated below.[2]

[1] Professor Laughlin's exact words are: "In 1860 [gold] prices stood at the point 100 * * * and now are about 92." This was said in connection with the exchange value of silver. It was stated in an address delivered at the Waubansee Club banquet in Chicago, May 4, 1895, and published the next morning in the gold standard press throughout the United States.

[2] It appeared on the editorial page of the Chicago Times-Herald, May 5th, 1895, signed J. Laurence Laughlin, Professor of Political Economy, University of Chicago." Of the articles published in this paper, an editorial states that they were copied quite generally throughout the United States and were an important factor in the Campaign of Education [?] during the spring and summer of 1895.

It also appeared in an article published in The Forum, of July, 1895. The magazine paraded the titles which the different universities had conferred upon him as an economist.

During the summer of 1895 Mr. Laughlin wrote a book intended for distribution among the voters, and it also contains (p. 198) the artful deception above noted. The weight which his connection with a great university gives is not overlooked. The following is the title page:

"FACTS ABOUT MONEY

BY

J. LAURENCE LAUGHLIN, PH. D.,

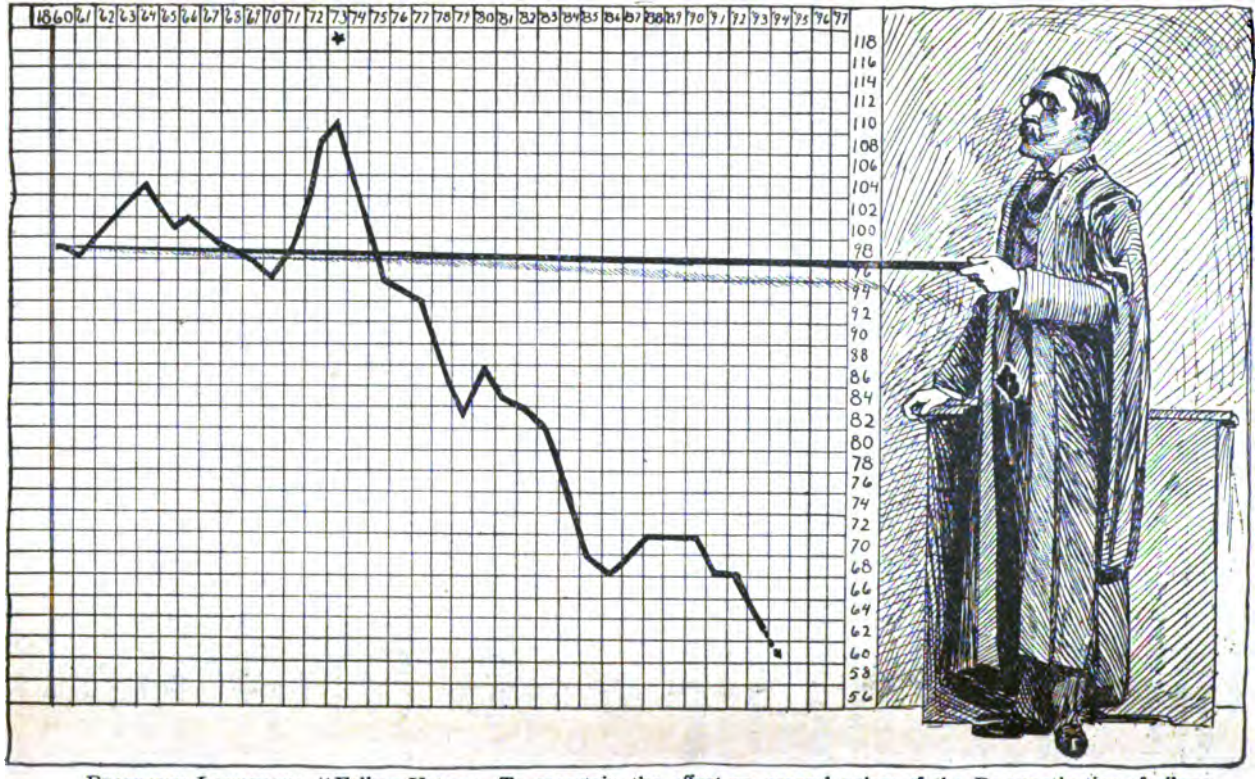
"Head Professor of Political Economy in the University of Chicago.

"Author of 'History of Bimetallism in the United States,' 'Elements of Political Economy,' 'Gold and Prices Since 1873,' etc. Member of the International Institute of Statistics, etc."

In the book just mentioned Mr. Laughlin quotes the Senate Table of General Prices from 1860 to 1891, inclusive, which we presented to you (pp. 29-31 above), and he says: "Here we have the whole story. To-day goods are about 8 per cent cheaper than in 1860 compared with gold."

Here he not only uses the year *1860* to ascertain the effect of the legislation which destroyed the bimetallic standard in *1873*, **but he takes the year 1891, whereas he was speaking in the year 1895, a time when prices were 20 points lower.**

This same sophism Laughlin put forth on the Editorial page of the Times-Herald, May 6, 1895. (This occurred before he put it forth in his book.) The next morning the Inter Ocean, in an editorial said: "A man occupying the position Professor Laughlin is supposed to occupy **ought not to practice the deception that he**



PROFESSOR LAUGHLIN: "Fellow Voters:—To ascertain the effect on general prices of the Demonetization of silver in 1873 we will compare the year 1860 with the year 1891—(aside "Wonder if they'll notice the height of prices in '73!).

The foregoing is only one of the many fallacies with which Laughlin has attempted to deceive the citizens of the United States. The fallacy which we have just exposed is plainly apparent when pointed out. That he should have attempted so open and barefaced a fraud is explained by the fact that his earlier writings recognize the fact that the general prices of commodities is the proper way to designate the measure of exchange value (p. 70 above), and *he therefore had to break the force of the statistics presented by the several tables of prices or acknowledge the great injustice of and evils of the gold standard*, **and he chose the former.** We shall, before we have finished, set before you quite fully the way in which the moneyed interests have placed this man and several others in institutions of learning to propagate false teachings and thus secure the votes of the people. **This is a grave charge but the evidence we shall present will fully sustain it.**

Another line of defense which the attorneys for the moneyed interests make is *to admit the great fall in general prices* **and claim that it is just.** This goes back to the question of what is a just measure of exchange value.

b. AN INCREASING MEASURE OF EXCHANGE VALUE ADVOCATED.

F. W. Taussig, "LL. B., Ph. D., Professor of Political Economy in Harvard University," says: "The bimetallist agitation for a return to the wider use of silver concurrently with gold first became prominent in the years of depression which followed the crisis of 1873. **For some time those who opposed it took the ground that the alleged evils did not exist**—that in fact there had been no permanent fall in general prices. * * * BUT ON THE WHOLE THE FACT OF A GENERAL FALL IN THE PRICES OF COMMODITIES DURING THE LAST FIFTEEN OR TWENTY YEARS CANNOT BE DENIED. * * * Recently, therefore, those who combat the bimetallist reasoning *have taken a different position.* They have reasoned that while prices may in fact have gone down, **the fall is not due,** as the bimetallists allege, **to an appreciation of gold. It is to be accounted for,** they say, by other causes, notably **by the extraordinary improvements in the production of commodities."** [1]

attempted yesterday. In his article he was arguing against the position of those who hold that the prices of almost all commodities have fallen with the price of silver. * * * HONESTLY TREATED, THE FIGURES PROVE JUST THE OPPOSITE OF WHAT THE PROFESSOR TRIED TO MAKE THEM PROVE. * * * We would advise him to continue to talk in platitudes and let tables of prices alone. Facts are dangerous things to juggle with."

[1] The Silver Situation in the United States, p. 104, 2nd edition, by Putnam's Sons, 1893.

(1.) SACRIFICE AS THE MEASURE FOR DEFERRED PAYMENTS.

Taussig's principal argument, briefly stated, is as follows: "Simple justice requires that he [the debtor] should return [to the creditor] *the same sacrifice* [same amount of labor] *and not the same amount of commodities.*"[1] Stated in other words, the question is this: A debtor borrows capital (commodities), and afterwards improvements in production lessen the amount of labor necessary to produce *a like quantity of commodities.* Should he return to the creditor a greater quantity of commodities than he received *by being compelled to expend in the repayment of the debt* **as many days' labor as were required to produce the commodities which he borrowed, or should he repay the quantity of commodities borrowed?**

Our answer is this: It is agreed —

(1) That improvements in the methods of producing commodities result in their production *with less exertion*;

(2) *That individuals have equally the right to use* these improvements (except as the discovery is protected by a patent);

(3) That the debtor borrows that which is equivalent to commodities and when he repays *must produce other commodities.*

Applying these agreed facts to the case in hand we have the following: After a debtor has borrowed commodities improved methods of producing commodities are discovered by third persons. Both the debtor and the creditor have equally the right to use the improvements. The debtor in producing the commodity to repay the loan uses the improvement, thereby producing them *with less exertion than was required when he borrowed the commodities;* or, what is practically the same, *produces more commodities than a like exertion would have accomplished at the time he borrowed the commodities.* **Question:** Should the debtor receive the benefit which has resulted from using the improvement or should he pay them over to the creditor? **We answer:** That as the debtor and the creditor HAD EQUALLY THE RIGHT TO USE THE IMPROVEMENTS **that each one should keep the benefits which result from his use of them.**

[1] This is the statement of the case as made by Professor Miller, of the Economic Department of the University of Chicago, in an address delivered before the Illinois State Bankers' Association, July 6, 1895. It is a reiteration of the argument advanced by Professor Taussig, of Harvard University, in the publication above mentioned. Taussig received his cue from a claim tentatively put forth by the gold standard advocates of the English Gold and Silver Commission in their Final Report in 1888 (part 2, §21), *but not relied upon by them.* Taussig, however, set forth the claim and advanced in its support the fallacy set forth in the following text:

Application of the Principle.

That this is just appears more clearly, perhaps, when it is considered that should the debtor (A, we will say) be compelled to pay over to the creditor (B) the benefit which has resulted from his (A's) use of the improvement, *then B, besides having his own right to use the improvement would also receive the result of A's right* (in so far as A has to repay him commodities and interest). If 10 men are indebted to B *then he would receive the benefit of the improvement 10 times*, besides his own right to use it; *if 1000 are indebted to B* (as is frequently the case) **then B would receive the benefit of the improvement 1000 times, besides possessing his own right to use it.** Considering the United States as the debtor and the European countries as the creditor, then should the United States be compelled to pay over to the European countries the benefits which result from the use by the United States of the improvements **the European countries would receive this in addition to their own right to use the improvements.**

The injustice of holding that a creditor is entitled to the results which flow from his debtor's right to use improvements *appears still more clearly* when it is borne in mind that **there is a risk from improvements**; that is to say, every person engaged in production runs the risk of having in the exchange value of his capital *diminished as the result of improvements*; **and it is manifestly just that he who runs the risk from improvements should in proportion to his risk receive the benefits which result from improvements.** The creditor, *on the capital he loans, runs no risk from improvements*, for the loan is usually limited to one-half or two-thirds of the market value of the security *in order* that he may surely *escape from the risk of improvements* and other risks, for example, fire and flood. Now, were the creditor to receive *the debtor's benefits of improvements and escape, as he does, the risk from improvements in so far as his debtor's property is concerned*, we should have the following state of affairs: If 10 individuals are indebted to one individual, then this one man *would receive the benefit of the improvement 10 times*, **besides his own right to use it,** AND THE 10 DEBTORS WOULD SUFFER ALL THE LOSSES WHICH FLOW FROM IMPROVEMENTS.

The risks from improvements are set forth in the note below. [1]

[1] Risks from Improvements may be classed under two principal heads:

1. The risk of lessening the exchange value of the Skill and Knowledge which one has acquired, and,

2. The risk of having the exchange value of one's Property lessened.

This statement was made by me in the spring of 1895 and appeared in a series of letters published in the Chicago Inter-Ocean. In the letter in which the foregoing appears the subject is thus discussed:

Risks to Skill and Knowledge.

The instances in which a body of inhabitants have had the exchange value of their Skill and Knowledge lessened as a result of improvements are almost innumerable. Perhaps the greatest loss to individuals was experienced when the factory system was established. **The factory system** was a result of improvements in machinery and the benefits derived from a division of labor. As a result of the factory system the cottage industries were soon swept out of existence and men and women were compelled to gather into cities and towns and begin a new period of apprenticeship. This caused great hardship to the individuals affected. Many of them had families to support, and under the cottage system they had only just been able to support them in the meager way in which people lived in those days; they had little or no property accumulated; their vocation was gone; they were past the adaptive period of life, and at a distance from the factory centers. The condition which resulted to individuals from the transition to the factory system and from the effect of falling prices was simply appalling. Crime increased; the number of marriages fell off; prostitution and infanticide increased, and the morals of the people were in other ways put to a terrific strain. The history of the steam engine and the power loom, combined with falls in general prices through contractions in the volume of money, consists very largely of the woeful effects upon the individuals who were obliged to change their occupation (see Cunningham's or Rogers' "Industrial History of England"). The improvements just mentioned benefited society at large but hurt vast numbers of individuals. To say that the debtors who run the risk of improvements should not receive the benefits which resulted from improvements is plainly contrary to what is just and right. To give all the benefits from improvements to the creditor class cannot be too highly reprobated.

Besides the reason just assigned is the further fact that creditors as a class have the wealth-getting instinct and power more fully developed than the rest of humanity. Now, among the principles whereby the human race has attained its present elevation is this:

Principles of Human Progress.

The standard of wants and activities of the people of a country must be raised as a whole, and to do this those who are the most advanced in producing material things must assist their less forward brethren, as, for example, by the maintenance of public schools; and those who are the more spiritual—the more altruistic—should assist in developing in their brethren this element essential to a further rise in the standard of wants and activities. It has long been the practice in the affairs of life that whenever an improvement has resulted in an injury to a large body of workmen, society, having been benefited as a whole, has come to the aid of the dispossessed workmen by instructing them, by facilitating their migration, and even by giving them actual help, as was done in Flanders in 1847, and has been done at other times and places innumerable. To advocate, as the counsel for the creditor class and monopolists, that as between debtor and creditor the benefits of improvements should go to the creditor shows the straits to which they are pushed. They should carry their argument to its legitimate conclusion and show how the appreciating gold standard has increased the exchange value of prices fixed by law, e. g., street car fares, gas rates, etc., and possibly the dupes might be induced to see that they are being led by the nose. * * *

HONEST CREDITOR.—"Yes, I am a creditor; I have the right to use these improved methods of protection, but I don't choose to

MULTI-MILLIONAIRE: "I don't exercise my right to use these improved methods of production—I don't have to—but I have for years made these honest Americans believe that I should receive the benefits which flow from their use of the labor-saving devices. Through manipulating the teaching in Universities and the Press I make them believe that Falling Prices are Just."

JOHNNY BULL: "Yes, I'm exercising my right to use the improved methods of production, but I also want the benefits which result from their use by you Americans; in fact, I want the whole earth.

The second general head of risks from improvements is the risk of having the exchange value of one's property lessened.

Risk to Property from Improvements.

Every industry concerned in the production of commodities has machinery employed in it to a greater or less extent. Every improvement in this machinery necessitates that those who employ capital in the business either work with their old-style machinery, and so are at a disadvantage when compared with their competitors, or they must purchase the new machinery and practically throw away the displaced machines. Society as a whole gains by these improvements, but every individual engaged in production runs a risk of having the exchange value of his property lessened. Recent instances in which improved machinery has made vast changes are the improved electrical machinery, the self-binding harvester, the steam thresher and the improvements in looms.

The loss in the exchange value of property each year which individuals suffer as a result of improvements in machinery is difficult to estimate, but all will admit that it amounts to millions upon millions annually. For the gold standard advocates to take as their basic principle, "He [the debtor] should return [to the creditor] the same sacrifice [the same amount of labor] and not the same amount of commodities," is to insure their defeat, for the American people, although they may be careless, are not such a lot of blockheads that they cannot see the injustice of this principle.

Is Worse for the Farmer.

The case of the farmer who becomes a debtor is doubly worse than that of the manufacturer, because in addition to running the risk of having to discard machinery is the fact that each improvement in transportation tends to lower the exchange value of his land. **Every improvement in transportation lessens the advantage which the land in cultivation has over the more distant yet fertile agricultural land.** The increase in population tends, of course, to raise the rental value of all land in cultivation by reason of the increased demand for products causing the poorer land to be cultivated. But in large sections of the country in the United States the gold standard, with its falling prices, has served to give creditors all the benefits of the improvements, and the improvements have much more than offset the effect of the increase in population; as a result the farmers in the Central and Eastern States have seen their land fall in price from 30 to 50 per cent., with the price of many farm products nearly cut in two. As a consequence the farmers who have aspired to a standard of wants and activities which the age would afford them were prices stable, and have borrowed money to pay for the building of suitable houses and to educate their children, have been ruined financially, their children left penniless and without the education which they would have secured had "times been better." It is right that producers should use borrowed capital if there is a fair probability that they can make it yield greater returns than they pay for its use; but, alas! under the appreciating gold standard the repayment of the principal requires nearly twice the amount of commodities which the debtor received on transactions effected eighteen years ago; and the same is true of the interest.

From the beginning of 1893 to January of this year the exchange value of money in England increased from 68 to 60, i. e. 13⅓ per cent, and in the United States it has been considerably greater. The outlook for the future under a gold standard is more dismal than has been the past.

Additional Relations to be Considered.

We have considered the injustice of an increasing measure of value (falling prices for commodities) *only as between Debtor and Creditor.* **There yet remain for consideration Prices Fixed by Law, Prices Fixed by Custom and by Monopoly and, most important of all, the cases where individuals are Engaged in Production** (and this term as here used includes **Distribution**). These we will present to you in detail later and you will see that as to these also an increasing measure of value is rank injustice.

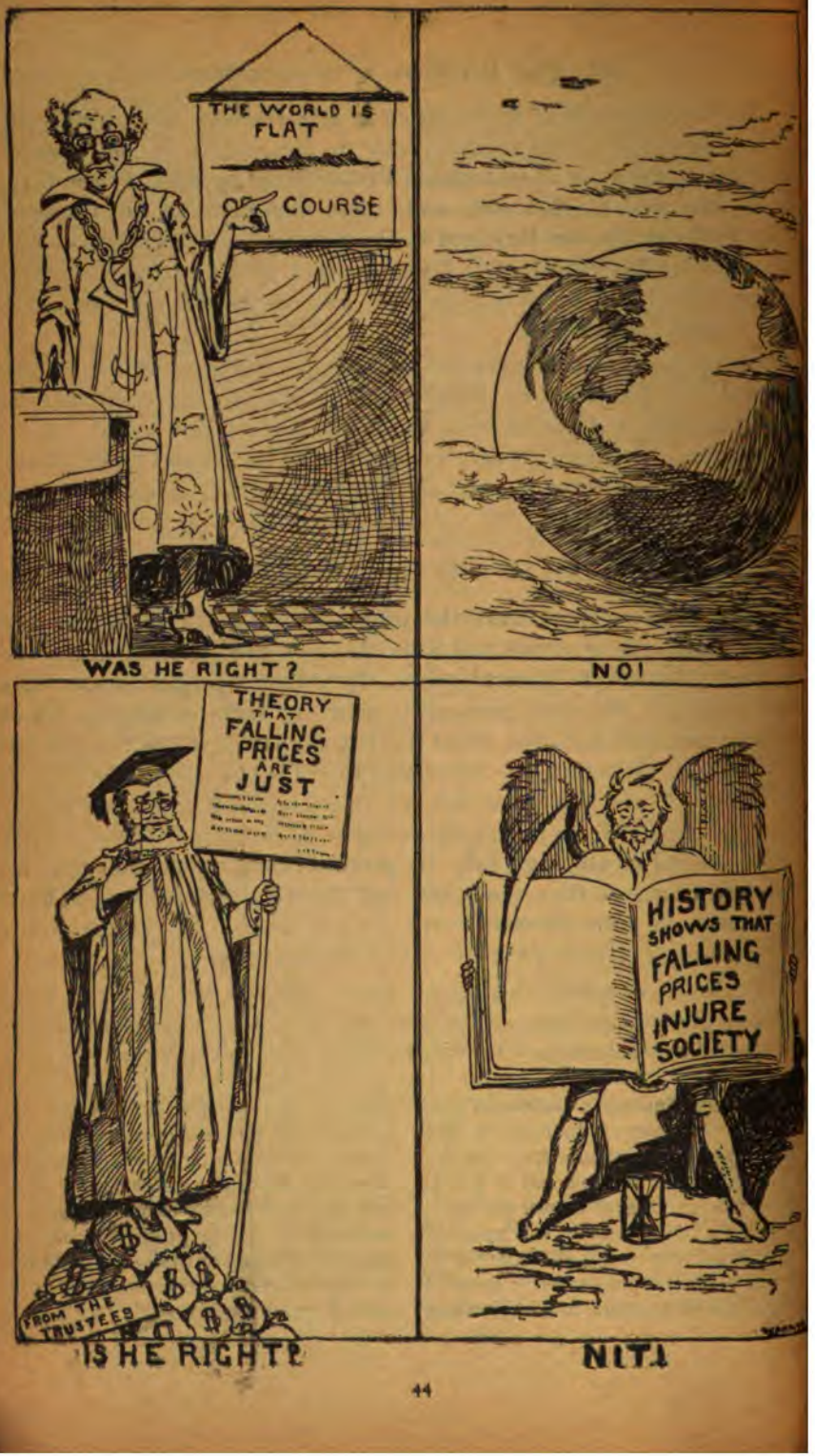
In the foregoing we have the statement, "Stability in the general prices of commodities is the desideratum." We have claimed that the facts of history demonstrate that the theory advanced is a Principle—a law of nature—whereby society is advanced to higher and higher standards of wants and activities. *It is the facts of history, then, which really determine the question:*

THE FACTS OF HISTORY THE CRITERION.

Does history show that the progress of society to higher and higher standards of wants and activities has been greater under rising and then stable general prices, than where general prices have been falling? We shall present to you the facts of history which demonstrate that RISING AND THEN STABLE PRICES YIELD A MUCH GREATER PROGRESS THAN DO FALLING PRICES. When the attorneys for the moneyed interests discuss theories, *always ask that they substantiate them by the facts of history.* **They cannot demonstrate that falls in general prices are beneficial to society and therefore they evade the real question and attempt to build up a case on false theories.** THEIR WEAKNESS YOU CAN EASILY EXPOSE BY PUTTING A QUESTION OR TWO. (See also next page.)

Taussig's argument which we above referred to, concerning the measure of value as between Debtors and Creditors, is set forth below and the fallacy pointed out.[1] We should be glad to think that it was an

[1] **Professor Taussig's argument** is as follows: "A general increase in the efficiency of labor affects very materially the mode in which a fall in prices acts on the relations of debtor and creditor. If A borrows from B a hundred dollars repayable in five years and if at the end of five years prices in general have fallen to one-half of the previous rates, B, in paying back to A the one hundred dollars *clearly returns twice as many commodities as he got.* **But if, at the same time, the efficiency of labor has been doubled by improvements in production, B can produce with the same labor twice as many commodities as before, and he returns to A the product of** THE SAME QUANTITY OF LABOR


THE WORLD IS FLAT
COURSE
WAS HE RIGHT?
NO!
THEORY THAT FALLING PRICES ARE JUST
FROM THE TRUSTEES
IS HE RIGHT?
HISTORY SHOWS THAT FALLING PRICES INJURE SOCIETY
NIT!

unintentional one on his part, but as the book from which it was taken is "a second and revised edition" the evidence is strongly against his integrity. A motive for putting forth a fallacious argument in favor of the appreciating gold standard is the fact that **the trustees of Harvard University employ in the Monetary Department, none but gold standard advocates;** for example, Prof. Laughlin was their employe when he put forth several of the fallacies which we shall point out later. Prof. Laughlin, after he gave to the world his deceitful arguments, was retained, and afterward made Head Professor in a Western University, and Prof. Taussig had good reason to believe that a like course of conduct on his part would result in benefit to himself. *Three years have elapsed and we find Prof. Taussig still employed at Harvard* and presumably his salary has been raised.

Prof. Miller of the Economic Department of the Chicago University, in an address before the Illinois State Bankers' Association, July 6, 1895, set forth the fallacious argument of Prof. Taussig which we have just presented to you.[1] It appeared in the gold standard press the next

as he received." Here there is no deceit, the case is fairly stated, and so is the succeeding sentence: "The classic economists and the socialists, (at least some schools of socialists), have maintained alike that the ideally perfect standard of justice in the exchange of commodities and service is equality of sacrifice or labor; that if things so exchanged for each other that equal sacrifice got the same reward complete justice would be obtained." But here comes the fallacy: "Applying *this test* **to the relations of debtor and creditor in the case supposed,** we find it not one of hardship to the debtor, but apparently one of justice to both parties." (The Silver Situation in the United States, p. 107).

Mark this: The principle set forth in the next to the last sentence has reference to the exchanges which *daily* take place between the different classes of producers, whereas the *application* is to **different periods of time.** In other words, between the time the commodities were borrowed and the time of their repayment *improvements in the methods of producing commodities have been discovered by third parties and the question is,* Who shall receive the benefits which flow from the improvements? It is fallacious to state a principle which applies only to exchanges *where no interval of time elapses* and apply it to *different periods of time* in order to settle the question of who shall receive the benefits from improvements which have been discovered **between these two periods of time.**

There being a fallacy in his argument the question stands unanswered in so far as the argument is concerned.

[1] Professor Miller said: "If we take the formula, 'to each according to his sacrifice,' a ruling of justice which has had the sanction of the classic economists no less than of the socialists, as our standard of an equitable measure of value, I think we shall conclude that justice demands that a debtor in discharging his debt should return to his creditor an amount of wealth that has cost him *the same effort* to produce or acquire as that which he originally borrowed cost his creditor. I take it that simple justice demands that he should return *the same sacrifice* **and not the same amount of commodities."**

morning, together with the guaranty of truthfulness which a great university conferred when it gave him the title of Teacher, and was, of course, largely copied throughout the United States. An additional circulation of the address was given by the Bankers' Association, the Secretary being instructed to print 4,000 copies of the speech in pamphlet form for distribution throughout the State. Prof. Miller is still employed by the trustees of the Chicago University and will doubtless be promoted and his salary raised in proportion as he advocates falling prices—a thing which benefits the moneyed classes. Miller is apparently endeavoring to benefit himself by following out the methods whereby Laughlin and Taussig receive fine salaries and occupy positions which the people have been taught to believe are occupied only by men of honor.

RESUMÉ.

A brief review of the arguments of these three university professors shows that they have attempted to uphold the justice of the gold standard *by deliberately attempting to deceive you—by sophistry they have attempted to deceive the voters of the United States.* **One who is guilty of sophistry is worse than an ordinary liar,** for he is a person with intelligence, and the duty to be truthful is proportioned to the individual's intelligence. Where he *pretends to have special knowledge of the subject,* he is very much worse than an ordinary liar, **for he has those people at a disadvantage who have not given special study to the subject.** THIS APPLIES WITH SPECIAL FORCE TO A PROFESSOR IN THE ECONOMIC DEPARTMENT OF A GREAT UNIVERSITY. Universities have won for themselves the honorable distinction of being the exponent of Facts *scientifically demonstrated,* and have through the ages been recognized as great cradles of Truth and therefore one of the principal means whereby the progress of humanity has been assisted. FOR TEACHERS IN A DEPARTMENT OF THESE INSTITUTIONS TO INTENTIONALLY DECEIVE, IS A BREACH OF TRUST WHICH IS SIMPLY DAMNABLE! And when we examine into **the object** which they have in view, namely, **the benefiting of the very few at the expense of the masses**—the great body of producers—AND THIS THROUGH THE SECURING OF OUR VOTES BY BLINDFOLDING US TO THE TRUTH, OUR INDIGNATION KNOWS NO BOUNDS! And mark you this: The deceitful arguments which we have exposed are of the shrewdest kind, for *they strike at the very basis of the question at issue.* Admit their arguments *and they bind you to give up without reward a large part of your earnings to the moneyed classes.* **Call this what you will, thieving, "slavery up-to-date," mediatization or legalized robbery, we care not so long as the thing itself is clearly understood.**

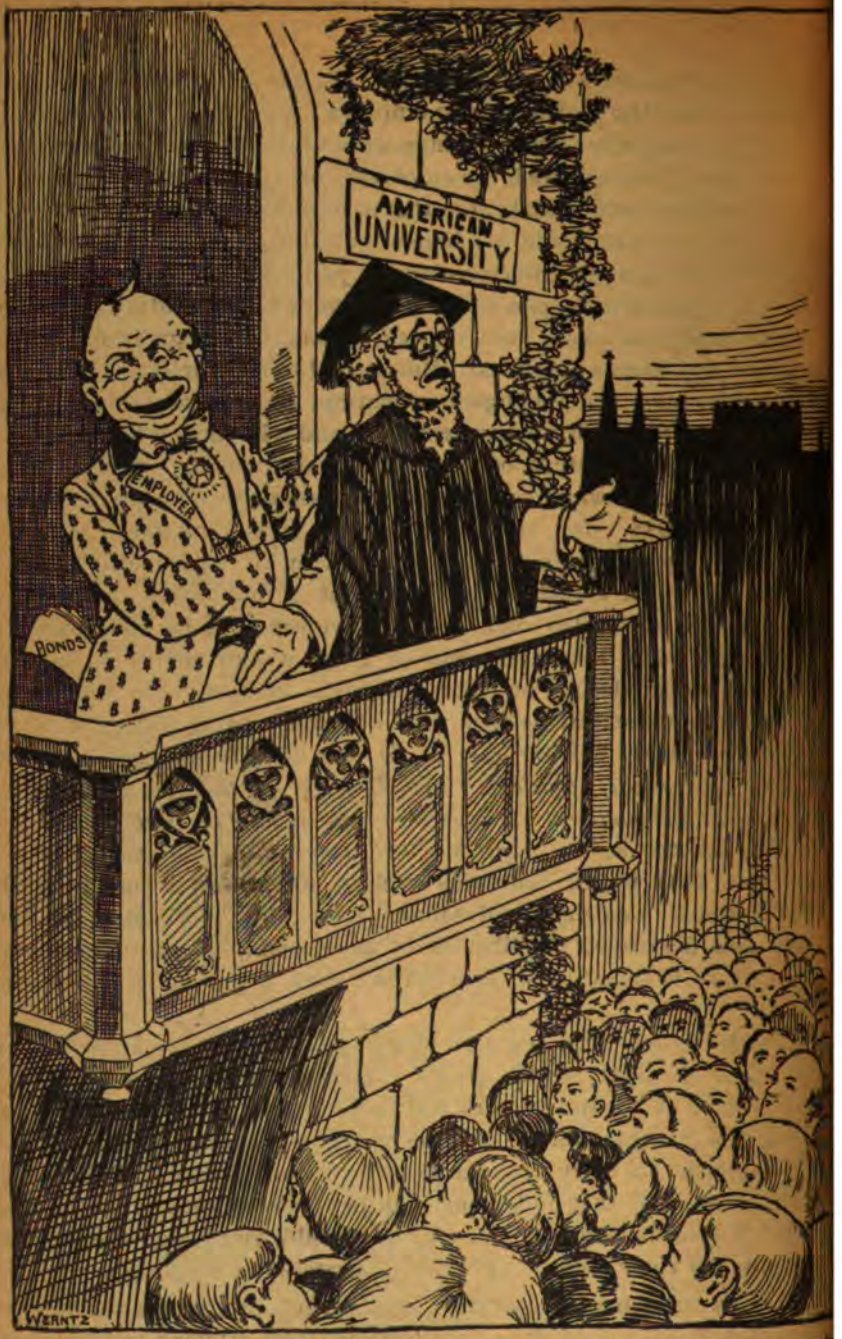
And what shall be said of the Trustees of the universities *who know-*

ingly employ these men to deceive the people? **We say that each one is more infamous than the tool whom he employs:** the "tool" has his living to make and possibly a family to support, and there tugs at his conscience the position of honor which the employers offer; whereas, the employer has not his livelihood at stake, nor that of his family's, nor a professorship enticing him to cast aside his honor; and, furthermore, the position of Trustee, as the name signifies, is largely judicial.

At first thought we can scarcely believe that the wealthy and ostensibly honorable men who are Trustees of some of our great universities would employ known sophists! But second thought tells us that *not all* our wealthy men are intelligent in matters *outside of their own particular business and* **others still who are wealthy and who have a broad knowledge and the brightest of intellects** HAVE MORALS SUCH AS JESUS CONDEMNED IN THE WEALTHY MEN WHO PLUNDERED THE PEOPLE AT THE TIME HE IN HUMAN FORM TROD THE EARTH. It is a matter of common knowledge to you that *great wealth* acquired by an individual is evidence that his desire for wealth is developed out of proportion to the other desires which must also reign if an individual is to be well rounded, moral: then with the attainment of great wealth comes in lessened checks to selfish desires and the individual in most cases becomes a mere bundle of selfish desires with a corresponding disregard of the welfare of others. *Where such is the case they do not hesitate to bribe assessors, city councils, legislatures and Congress, if they can do so without being detected and punished. History shows that it is not the small offenders and that it is not the common people who have destroyed the institutions of government,* **but that in all countries and in all times it has been the unscrupulous, wealthy individuals who have corrupted governments and destroyed the liberties of the people.** THIS THEY DO UNDER THE GUISE OF RESPECTABILITY AND OFTEN UNDER THE NAME OF PATRIOTISM ITSELF.

But let us not judge any man by his *appearance,* for we know that the possession of great wealth shows motives *only in a general way.* A wealthy man, if his spirit is touched, *may become* highly desirous of promoting the general welfare and he may possess also a strength of purpose sufficient to carry the desire into conduct. Therefore, as we are taught to believe that judgment shall be rendered unto us by the Most High "in accordance with our *deeds,*" **so should you judge the wealthy men only by their deeds.** (For an illustration see next page.)

Let us now turn and consider other arguments which the beneficiaries of falls in general prices put forth in their attempt to justify the fall which has occurred. In one of them there is taken as the basis or premise the fallacious claim above exposed, namely, that the com-



Formation of Public Opinion through American Universities whose Trustees are
"Sound Money."

PROFESSOR IN ECONOMIC DEPARTMENT: "Falls in General Prices Benefit the E
ployers and Wage-Earners."

CREDITOR AND TRUSTEE: "See the dear people swallow it! Stick to it, old fell
or we will discharge you and employ another advocate."

modities produced from *the exertions put forth in a day's labor* is the proper measure of exchange value. In short, that *a day's labor is the proper measure of exchange value.*

(2.) THE "DAY'S LABOR" MEASURE.

With this as a premise the further claim is made that **wages when measured in commodities have increased during the past twenty years,** AND THEREFORE, THAT THE WAGE EARNER HAS BEEN BENEFITED BY THE FALLS IN GENERAL PRICES WHICH HAVE OCCURRED DURING THESE YEARS.[1]

This claim is fully answered by showing that the basis or premise from which they argue *is fallacious*; **we have fully exposed the fallacy, page 37 above.** There being a fallacy in the argument they here present, the question as to whether or not the wage-earner has been benefited by falls in general prices remains unanswered in so far as the defendant's argument is concerned; *later we will consider the question fully and will show you that the depression in trade which follows with the general prices of commodities falling, falling,* **has injured the wage-earners more than it has the men who employ them.** And we further say that all arguments which take as their basis a day's labor as the proper measure of exchange value, or which take a day's labor for one half the measure, are fallacious, *unless they show that with this measure of exchange value in use the general welfare* **is promoted.** THIS THEY CANNOT DO, **for the truth is that when the prices of commodities taken as a whole are falling, falling, falling, society as a whole is greatly injured.** STABILITY IN THE PRICES OF COMMODITIES TAKEN AS A WHOLE IS THE DESIDERATUM.

(3.) A MEASURE COMPOSED OF ALTERNATING UNITS OF LABOR AND CAPITAL.

Another argument put forth by those advocating the gold standard is that a just measure of exchange value is composed, one-half of "day's labor," and the other half of the general prices of commodities.[2]

[1] In the words of Professor Taussig, of Harvard University: "The money incomes of the managers of industry have shown the same *upward movement* as the money incomes of other classes in society. *So long as this is the case it is idle to talk of a depressing effect on enterprise from the fall in [general] prices.*" (Silver Situation in the United States, p. 111).

Professor Miller, of the University of Chicago, in his address to the Illinois State Bankers' Association, July 6, 1895, after mentioning the "fall in the [general] prices of commodities," said: "It takes *as much, nay more, gold to buy a day's labor* on an average to-day than it did twenty years ago; *and this is the best evidence of the stability of the standard of value of gold that can possibly be found.*"

[2] Professor Miller, of the Chicago University, in his address delivered

To this claim, in so far as it attempts to make *a day's labor a portion of the measure of exchange value,* our answer is that put forth in the preceding section, namely, that "the basis or premise from which the argue is fallacious; we have fully exposed the fallacy page 131 abo We will *re-state,* however, the fallacy in the premise:

As between debtor and creditor *each have equally the right to use improved methods of production* (except in so far as the discovery is protected by patent). Now the debtor in producing the commodities to pay that which he borrowed has the benefit of the improvements which have been discovered in the meantime, *and thereby produces them with less exertion than was required when he borrowed the commodities.* **But the creditor also has an equal right to use the improvements** AND THEREFOR EACH ONE SHOULD KEEP THE BENEFITS WHICH RESULT FROM HIS USE OF THE

This statement of the case is not allowed to come before the voters of the United States if the advocates for the creditor class can prevent it. The man whom the trustees of Columbia college have employed tells us (in the preceding note) that "The gains that come through industrial progress should be divided equally between the debtor and creditor;" and he further says that **this is accomplished by giving the creditor one-half the gain which the debtor receives in producing the commodities which he must pay back to the creditor.** He thought, of course, that you would not perceive that by this plan the creditor would receive not only the benefit of the use of the improvements which he would gain in the work *he himself performs,* **but in addition would receive one-half the benefit which the debtor receives from improvements.** Should he have 10 debtors *then he would receive the benefit of improvements one-half of ten times,* **besides his own right to use it;** if one thou and debtors (as is frequently the case) *then he would receive the benefit the improvement one-half of one thousand times,* **besides possessing his ow**

before the Illinois State Bankers' Association, July 6, 1895, said: "Not stability of prices but stability of the standard of value as measured in *the alternative units of labor and capital* is the test of an honest measure of value."

To the same effect is the following: Says John B. Clark, Ph. D., Professor of Political Economy, Columbia College, New York City: "The ideal unit of deferred payments is one that will divide equally between debtor and creditor the gains that come through industrial progress."

This is just; but he says that *to accomplish this equal division of the gains which come through improvements in the methods of production* **the debtor should pay back not the amount of commodities he received, but** AN INCREASED AMOUNT EQUAL TO ONE-HALF THE GAIN WHICH TAKES PLACE BETWEEN THE TIME THE DEBTOR BORROWS AND REPAYS. (Political Science Quarterly for September, 1895. pp. 398, 399).

right to use it. Considering the United States as the debtor and the European countries as a creditor, then should the United States be compelled to pay to the European countries one-half the benefits which result from the use by the United States of the improvements, *then the European countries would receive this half* **in addition to their own right to use the improvements.**

The injustice of this appears more clearly when it is borne in mind that there is a Risk from Improvements; that is to say, every person engaged in production runs the risk of having the exchange value of his capital diminished as the result of improvements; **and he who runs the risk from improvements should in proportion to his risk receive the benefits which result from improvements.** The creditor on the capital he loans *runs no risk from improvements*, for the loan is usually limited to one-half or two-thirds of the market value of the security *in order that he may surely escape the risk* from improvements and escape other risks, such as fire and flood. Now were the creditor to receive one-half the debtor's benefits from improvements, and escape, as he does, the risk from improvements in so far as his debtor's property is concerned, we would have the following state of affairs: *If ten are indebted to a creditor then he would receive the benefits of the improvement one-half of ten times*, **besides his own right to use it,** AND THE TEN DEBTORS WOULD SUFFER ALL THE LOSSES WHICH FLOW FROM IMPROVEMENTS.

A further argument of those advocating the gold standard is this:

(4.) IMPROVEMENTS HAVE BROUGHT DOWN GENERAL PRICES.

Our reply is that **the prices of commodities** TAKEN AS A WHOLE **are controlled by the quantity of money in circulation and by many other conditions.** Now, if the quantity of money is *increased sufficiently* it will raise prices in general, and, on the other hand, if the quantity of money is decreased sufficiently it will lower prices. A second fact is that the money in use in the United States is only that which *the law authorizes.* So **if since 1873 the law had been such as to considerably increase the quantity of money in use in the United States, the prices of commodities "taken as a whole" would not have fallen so greatly.** To be more specific: HAD THE LAW NOT BEEN REPEALED IN 1873 WHICH PROVIDED FOR THE UNLIMITED COINAGE OF SILVER AND GOLD AT 16 TO 1 THE PRICES OF COMMODITIES IN THE UNITED STATES WOULD NOT HAVE FALLEN SO GREATLY. This is **admitted by the gold standard advocates,** for they say that to enact a 16 to 1 law will raise the prices of commodities in general.

We shall now set forth the claims of a few of those who say that improvements have brought down general prices:

Edward Atkinson, in the Forum of April, 1895, says: "It is the purpose of this article to prove that there is not a single important product of industry in agriculture, manufacturing, transportation or commerce in which there has not been a *reduction in the cost of production or distribution* which will not *more than account for any reduction in the price* which has occurred between 1873 and 1892."

Mr. Atkinson, however, in this same article demonstrates, unintentionally, the absurdity of his claim, for he speaks of "a debasement of the currency [during the Rebellion of 1860-65] *by an act of legal tender*." This means that the price of commodities "*taken as a whole,*" *rose as a result of a law which created legal tender money.* **This principle which he sets forth effectually answers his claim above quoted.** Had the United States laws from 1873 to 1892 been such as to have caused the coining into legal tender money at the ratio of 16 to 1 the silver and gold brought to the mints, the great fall in prices in general which took place between 1873 and 1892 *would not have occurred. In short, it is law which creates legal tender money, and the prices of commodities* **taken as a whole** *can be sent up or down by inflating the volume or deflating the volume.*

The fallacy in Mr. Atkinson's statement is that he does not distinguish between the prices of commodities *taken as a whole* and the prices of commodities *as among themselves.* The prices of commodities "as among themselves" *change during the course of years,* each improvement in the method of production lessening the price of that commodity *as compared with the other commodities,* and some commodities grow dearer *as compared with the other commodities.* But the prices of these commodities "taken as a whole" are during these years *affected by the volume of money.* for example, during the years following the gold discoveries in California and Australia the prices of commodities taken as a whole *rose,* and during this time there were improvements in the methods of production which changed the prices of commodities "*as among themselves.*"

IN SHORT THERE ARE TWO SEPARATE CHANGES GOING ON ALL THE WHILE, NAMELY, CHANGES IN THE PRICES OF COMMODITIES "AS AMONG THEMSELVES" AND CHANGES IN THE PRICES OF COMMODITIES "TAKEN AS A WHOLE" (GENERAL PRICES). **Further illustrations are set forth in note one on succeeding page.**

Another fallacy in Mr. Atkinson's article is that he uses "cost of production" in two senses: First, he, in effect, says that improvements in production lessen the cost of *exertion* and then later in his article uses "cost" to mean cost *in money*—two entirely different things. **This use of "cost"**

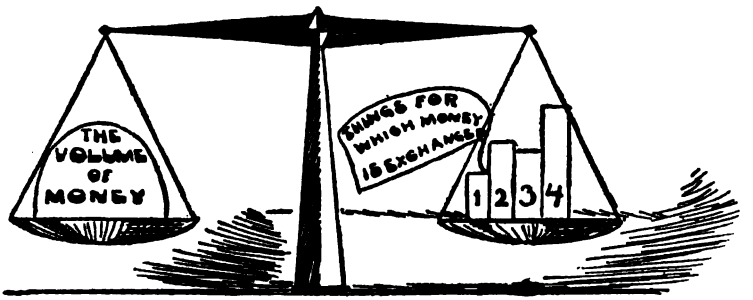
n two senses is quite common among those who attempt to justify he falls in general prices from which we have suffered.

David A. Wells, a well-known advocate of the appreciating gold standard and who was once a Special Commissioner of Revenue, had questions addressed to him by the British Gold and Silver Commission n 1887. He replied: "I believe the Fall of [General] Prices has been mainly due to natural and permanent causes, namely, *the increased power of mankind on the work of production and distribution.*"[2]

Here we have the same fallacy that we pointed out in Atkinson's argument. He makes no distinction between prices of commodities "taken as a whole"—general prices—and the prices of commodities *as among themselves.*

Now as to his use of the term Natural: Price is the ratio at which commodities exchange for the artificial thing we call money, and had a larger volume of these artificial things (dollars) *been created in the United States, general prices would not have fallen so greatly.* For Mr. Wells to talk about the fall in general prices being due to "natural and permanent causes" is simply to use those terms in the sense in which they are not ordinarily used. It is true that the trustees of some university or universities have conferred upon Mr. Wells the titles of LL.D. and D.C.L., but there is growing suspicion that the trustees of some of our universities are not governed entirely by disinterested motives.

Mulhall of England, a collector of Statistics, in his History of Prices, published in 1885, says: "It would be monstrous if [general]



Suppose:

"1" to be wheat @ $1 per bushel.

"2" to be broadcloth @ $1.75 per yard.

"3" Dress goods @ $1.50 per yard.

"4" Clover seed @ $4.50 per bushel.

Now *10 years later* these articles may have a changed proportion *as among themselves,* and yet their *sum total be the same as 10 years before.*

Same effect statement and illustrations by Emile de Laveleye, Professor of Political Economy, University of Liege, Belgium; Second Report British Gold and Silver Com., p. 270.

[2] Second Report, p. 273, question 5 and answer.

prices remained the same in spite of cheapened transportation, improved machinery and all the efforts of scientific progress."

Prof. Taussig of Harvard University says: "The fact of a general fall in the prices of commodities during the last 15 or 20 years * * * *is to be accounted for* * * * notably by *the extraordinary improvements in the production of commodities.*" He, however, "crosses" himself a few pages later in stating **what would be the effect of a United States law providing for the coinage of silver and gold at 16 to 1.** "The effect would be," he says, "to *cause a general rise in prices* (page 121). Truth is consistent and it is very difficult for a man to lie and not state in some portion of his address the truth in such a way that it directly contradicts his false statement.

Prof. Miller of the University of Chicago, in an address delivered before the Bankers' Association of Illnois, for distribution among the voters of the United States, said: "Improved Methods of Production is the explanation of the progressive lowering of general prices." A little later, however, he shows that general prices are affected by the volume of money, for he speaks of "the terrible disorders that would come *under the rise of general prices that would sooner or later attend upon the introduction of the silver standard.*"

Another argument of the advocates for falls in general prices is one which *admits* the great fall in prices of commodities taken as a whole—general prices—*but does not attempt to justify it.* It is as follows:

(5.) "NO SCARCITY OF GOLD."

The fall in general prices has been due, they say, *to an increase in the quantity of commodities* **and not due to a decrease in the quantity of gold.**[1]

Our answer is that which ever way the argument is decided **it does not alter the fact of the fall in general prices.** As to the remedy we will here say simply this: If the law had been such as to increase the volume of money *sufficiently*, then general prices would not have fallen (same effect p. 30, above).

[1] In England the Government, September 20, 1886, appointed a Commission to examine into "the recent changes in the relative values of the precious metals." The Commissioners, among other things, were instructed: "If you should find the changes [between gold and silver] to be due to the appreciation of gold [increase in gold prices in general] you will inquire whether the appreciation arises from the *diminution of supply* or *from increase of demand*, or from both and you will endeavor to ascertain the proportions in which these different causes have operated."

The man employed by the trustees of the University of Chicago to advocate

(6.) THE "KIND" OF MONEY AS THE CRITERION.

Here is another argument of our opponent concerning the measure exchange value which we wish to present to you: They frequently y that **the creditors should be repaid in the same** KIND **of money ey loaned the debtor.**

By "same kind of money" they refer to *the Material on which the ney denomination is stamped.*[1] We reply that it is not the Color of the easure, nor the Material of which it is composed, but its Exchange alue which interests the creditor and the debtor. The exchange value money *has doubled since 1873.* **It is, therefore, as dishonest a meas- e as would be an eight peck bushel.** The beneficiaries of this meas- e of value which has doubled, try to fool those who are defrauded by lling them that the criterion of honest money is not its Exchange alue but the Material on which the money denomination is stamped.[2]

s gold standard put forth a book in 95 *for distribution among the voters of e United States.* He thus argues *for a ntinuance of the falling prices* which we re experiencing under the gold stand- rd: "In looking at general prices, ioney on the one hand has to be com- ared with all commodities on the ther hand; if the fall in prices [since 873] has been due to a scarcity of gold he effect should have been felt upon *ll the commodities in general which are ompared with gold.*" (Facts about Ioney, p. 107.)

The fallacy of the italicized state- ent is this: Over 20 years have passed nd *during these years commodities have* mong **themselves changed,** *owing to lifferent causes;* for example, improve- ents in the methods of production ave affected the production of some ommodities *more than it has others.* To se Laughlin's own illustration given n an earlier chapter (p 100): "Ten ears from now gold may be like a pine ree in a forest with which the heights f all other trees are compared. *Ten ears from now* the forest will have shown *the effect of growth; all the trees will have changed in size,* **some more than others.'**

[1] For illustrations see next note.

[2] The following are examples of the fallacious use of "Kind of money."

Hon. Roswell G. Horr, Financial Editor of the New York Weekly Tribune, says: "The debts of the United States to-day [1895] almost entirely have been made with the gold standard and they honestly should be paid in the *same kind of money* as that in which they were made." (Answer to a question put to him in his debate with Col. Harvey, of Chicago; see "The Great Debate," page 295).

Senator Sherman in his Memoirs thus argues against the enactment of a law giving unlimited coinage to silver and gold at 16 to 1: "If this is done it will be to secure a cheaper dollar of a less purchasing power with the view to enable debtors to pay debts, *contracted on the basis of gold coin,* with silver coins, worth with free coinage less than one-half of gold coin (p. 469). **This book is to a considerable extent a campaign publication.** IS THERE SUCH A THING AS A BOOMERANG?

Senator Boutwell in a minority report of the United States Monetary Commission of 1876, says: "During the

"Now that gold has nearly doubled in exchange value, creditors insist that they shall be repaid in the same *kind* of money, i e. money of the same Color and the same Material."

UNCLE SAM: Hold on; that measure is increased in size.

JOHN BULL: H'its the same Color as the h'other measures you've been using and h'it is made of the same Material.

last three years there have been great variations in the commercial value of silver; but it is useless to inquire whether such variations are due to a fall in the value of silver or to a rise in the value of gold. Gold being the only universal standard or measure of value, *all other articles are tested by it*" (Page 134 of Report). He who brought in this argument against reëstablishing the bimetallic standard is the man who, as secretary of the treasury, sent to John Sherman the bill whereby silver was surreptitiously demonetized in 1873.

"Hon. Edward O. Leech, late Director of the Mint," in an article in the North American Review for July, 1895, entitled "How Free Silver would Affect Us, says: "All contracts entered into in this country since 1834 (when our currency was practically and purposely changed to a gold basis), certainly since 1873, when *gold* was legally made the unit of value, are fairly payable *in money of our present standard*, and as they constitute the bulk of existing contracts it would be manifestly dishonest that they should be liquidated at half their *present* value."

J. Laurence Laughlin, Ph. D., says, and his trustworthiness is vouched for by the Trustees of the University of Chicago, for h s office is "Head Professor of Political Economy in the University of Chicago:" "If all contracts, mortgages and bonds *have been based on gold* (except in the paper period) since 1834, where in the name of heaven is

A leading argument of those who are being benefited by the falling prices of the gold standard is that the desideratum in money is that it shall stand the Fire Test, or what is practically the same, the Hammer Test.

(7.) THE FIRE TEST—THE HAMMER TEST.

"Edward Atkinson Ph. D." says: "It is by the ordeal of fire that money may be tried. The coins which, being melted down, retain the entire value for which they were legal tender before they were melted down are good money. Those which do not retain it are not good money."[1]

Here the scheme is to omit all mention of the Purchasing Power of money. **They make the desideratum "the ordeal of fire," whereas it should be Stability in Purchasing Power.**

The second day after the Republican National Convention of 1896 had adjourned, Senator-elect Foraker of Ohio, in a ratification speech in Cincinnati, said: "We propose that the dollar that we put into circulation—the metallic dollar—shall be worth 100 cents all over the world,

the justice of proposing a change to a lower standard?" This was put forth in his book entitled "Laughlin versus Coin: Facts About Money" (page 159), *a book intended for distribution among the people* TO SECURE THEIR VOTES IN NOVEMBER, '96.

Says President Andrews: "Laughable are the efforts of many, witness **even Mr. Gladstone in Parliament,** on the 28th of February, 1893, to show that gold has since 1873 had a more stable value than silver. **Gold they measure by itself, and silver they measure by gold,** not seeing that to give their statement any meaning they need a criterion of steadiness different from either metal, *viz:* the prices of commodities in general." (An Honest Dollar, p. 142, note.)

Mr. Carlisle in a speech delivered from manuscript at Covington, Ky., May 20, 1895, said: "Since 1878, fifteen years' experience demonstrated that those of us who then believed that a larger use of silver in the United States would enhance its price or value were mistaken. Instead of increasing the price of silver it continued to fall with greater rapidity than before, notwithstanding all the efforts made by our government to uphold it, until now the bullion contained in a silver dollar *is worth only about half as much as the bullion contained in a gold dollar.*" **Here he compares silver with gold to ascertain its stability.** This was put forth by the man who was then occupying the high office of Secretary of the Treasury, and who was an appointee of the President of the United States. He put this forth in the 1895 "campaign of education [?]."

We will next give a sample of the arguments put forth in **the press controlled or owned by the moneyed interests:** "Practically all the now current indebtedness was incurred *since the resumption of gold payments* seventeen years ago, and much the greater part since the bullion value of the silver in the silver dollar fell to less than 50 cents. **So it is no more than honest to pay them in dollars each of which is worth 100 cents in gold."** (Chicago Tribune, January 25, 1896.)

[1] Chicago Morning Record, May 10, 1895.

no matter whether it carries the eagle and superscription or not. **Take a silver dollar and pound it into bullion and it is worth 54 cents: take a gold dollar and pound it into bullion and it is worth 100 cents all over the world.** NOBODY IS CHEATED BY THAT KIND OF A DOLLAR."

Here again the scheme is to omit all mention of the Purchasing Power of money. They make the desideratum the "hammer test," whereas it should be the Stability in Purchasing Power. As Senator-elect Foraker was Chairman of the Committee on Resolutions which formulated the Republican platform of this year ('96) he occupies such a position that his declaration as to the meaning of the Republican platform is of great importance. He says: "Take a gold dollar and pound it into bullion and it is worth 100 cents all over the world. *Nobody is cheated by that kind of a dollar.*" What a damnable piece of deception this is! And the platform nowhere declares for stability in the Purchasing Power of our money, but it does say: "We are unalterably opposed to every measure calculated to debase our currency," *and nowhere declares against an appreciating currency—falling prices.* This is not Blaine Republicanism nor Lincoln Republicanism. Senator Teller would not endorse this "jug-handle" policy and walked out of the convention. But before doing so he made a speech in which he said this platform which you have adopted "is a solemn declaration that the Republican party intends to maintain low prices and stagnation of business for all time to come. * * * I cannot before my country and my God agree to that provision that shall put upon this country a gold standard and I will not. [Great Applause]".

RESUMÉ.

The arguments which we have just presented to you show that those who have been benefited by the falls in general prices which have prevailed under the gold standard *have many advocates who have endeavored with fallacious arguments to convince the people that falls in general prices have not injured them.* The fallacies in their arguments we have pointed out to you; truth is consistent as a whole. Later in the case we shall present to you in chronological order the history of our country under three periods of falling prices, and three periods of rising and stable prices. **This will show you that falling prices injure a country very greatly.** And this was the statement which we made under the title "Stability in General Prices the Desideratum" (page 17). We there stated that the measure of exchange value should be stable if it was right that there should be stability in the measures of weight, length and cubical dimensions; we showed that the obligation of contracts would be violated should there exist any unnecessary fluctuations in the meas-

ure of exchange value, and that unnecessary fluctuations in exchange value deprive individuals of their property without giving them anything in return. One gentleman whom we quoted compared the legislation which results in unnecessary fluctuations in the measure of exchange value, to thieving. We are inclined to term it **legalized robbery,** for this term denotes that the unjust transfer is effected by law, and the term robbery shows that it is taken without the owner's consent. The extent of this legalized robbery we have shown you; the gold measure of exchange value has increased 66⅔ per cent as compared with the average of the 11 years 1867-77. All this could have beeen prevented by the enactment of bimetallic laws and a control of the volume of paper money; **therefore, this 66 2-3 per cent increase in the measure of exchange value is** LEGALIZED ROBBERY. LET US SHOW YOU ITS FAR-REACHING AND AWFUL EFFECTS:

3. The Extent of the Legalized Robbery pointed out.

a. DEBTS. (1.) IN GENERAL.

The effect on Debts of an appreciation in the gold measure of exchange value of 66⅔ per cent during the past 23 years over the average of the 11 years 1867-77 is practically as follows:

(2.) THE NATIONAL DEBT OF THE UNITED STATES.

The national debt of the United States has, since 1873, averaged about $1,200,000,000. The exchange value of gold dollars is now 66⅔ per cent greater than for the average of the 11 years 1867-77. In other words, each dollar of to-day is worth 1.66⅔ gold dollars of the average of those in use between 1867-77. At this rate the 1,200 million which we now owe is worth 2,000 millions of the average dollars in use 1867-77. In other words, through the increase in the measure of value **the creditors of the government of the United States have,** WITHOUT GIVING ANYTHING IN EXCHANGE, SECURED 800,000,000 DOLLARS of the average value of the gold money in use from 1867 to '77. Part of this amount is yet to be paid, as we, in 1892, still owed 585 millions of dollars, equal in exchange value to 975 million dollars of the average of the gold dollars in use in 1867-77.

And besides this **the exchange value of the dollars paid as interest has been increasing year by year.** Since 1873 the annual interest charge on the public debt of the United States has averaged over 50 millions of dollars. In 1892 the interest charge was down to nearly 23 millions of dollars, but this was equal in exchange value to **38 millions of dollars** of the average of the gold dollars in use during the 11 years 1867-77. When we

reflect that the value we have paid to our creditors in principal and interest *has been more than sufficient to have discharged our entire debt had the exchange value of gold been kept at the average of the 11 years 1867-77*, and **therefore that** ALL THIS ANNUAL INTEREST CHARGE OF 38 MILLIONS OF DOLLARS is due to the fact that the measure of exchange value HAS APPRECIATED, we begin to form something of an idea of the great injury to the people of the United States which our laws have caused us. Think of it! **We are to-day paying our creditors in Europe interest money to the amount of 38 millions of dollars** (of the exchange value of the dollars in use during the average period 1867-77), NONE OF WHICH WOULD BE OWING TO THEM HAD THE EXCHANGE VALUE OF GOLD REMAINED STABLE!

Who has been dictating the monetary laws of the United States during these years? THE GREAT CREDITORS OF EUROPE OR OUR OWN PEOPLE? But we do not advocate any retaliatory legislation; we simply ask that our country return to the bimetallic standard **because it will** IN THE FUTURE **furnish a more stable measure of exchange value than will the gold standard.** An incident in making the change will be this: *Gold will decrease in exchange value about 25 per cent*, **but this incident will result in greater justice than injustice, for the gold in the United States has** INCREASED **in exchange value 30 per cent during the years 1893-94** as compared with January and February 1895; previous to 1893 it had increased in exchange value over 50 per cent. Furthermore, the rising prices which prevail for a time will *set all the productive forces actively at work*, **and raise wages in a greater proportion than is the rise in prices.** This we will fully demonstrate to you by the evidence which we shall present.

We stated in the preceding section that the increase in the measure of value (the falls in the general prices of commodities) has been *caused by our laws.* This fact appears when it is borne in mind that the surreptitious repeal of the bimetallic law in Congress during 1873 put us on the gold standard by demolishing the bimetallic standard. Had the bimetallic law remained in force or had it been re-enacted, general prices in the United States would have fallen but very little even though they had not been steadied by the government through the use of paper money. You can see, therefore, that we are correct in stating that **"through legislation the measure of value has been increased."** (Illus. pp. 62, 63.

(3.) MUNICIPAL INDEBTEDNESS OF THE UNITED STATES.

The amount of State, county, school district and other municipal

indebtedness in 1890 is stated to be $1,135,210,402.[1] These debts have since 1873 averaged about 900 millions of dollars; therefore, the increase of 66⅔ per cent in the exchange value of gold gives the creditor classes **from this source alone an unjust gain amounting to** 600,000,000 DOLLARS of the exchange value of the gold dollars in use during the average of the years 1867-77.

The annual interest charges on this 600 million of dollars, reckoned at 4 per cent. is $24,000,000 of the exchange value of the gold dollars in use during the average of the years 1867-77.

Verily this "thimble-rigged" measure is a great "winner"—for the creditor classes. As this measure of exchange value is wholly artificial —created by legislation— **is it to be wondered that there is a growing feeling among the people that** THE MONETARY LEGISLATION OF THE UNITED STATES HAS BEEN IN FAVOR OF THOSE WHO ARE BENEFITED BY AN INCREASE IN THE MEASURE OF EXCHANGE VALUE AND AGAINST THE GREAT MASS OF PEOPLE?

(4.) PRIVATE INDEBTEDNESS OF THE UNITED STATES IN 1890.

The minimum of the private debt of the United States in 1890 is stated by the Census Officials as $18,200,000,000.[2] The officer after set-

[1]Municipal Indebtedness in 1890.

States	$ 228 997,389
Counties	145,048,045
Cities and Towns	724,463,060
School Districts	36,701 948
Total	$1,135,210,402

These figures are given by an officer in the United States Census Bureau, and published in the Bulletin of the U. S. Department of Labor for November, 1895, p. 50.

[2]Private Indebtedness 1890.

Quasi-Public Corporations.

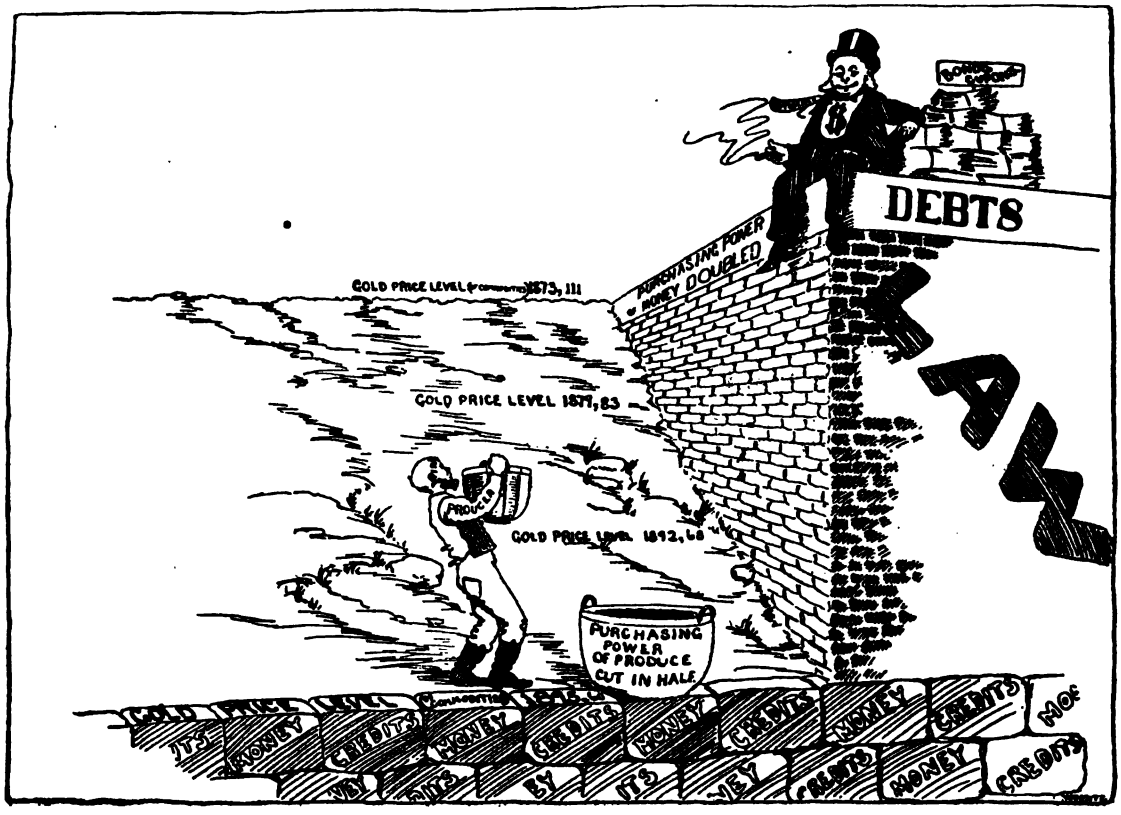
Railroad Companies ($329,971,110, estimated)	$5,669,431,114
Street Railway Companies (funded and unfunded debt).	182,240,754
Telephone Companies, funded debt	4,992,565
Telegraph Companies ($2,556,808, estimated)	20,000,000
Public Water Companies not owned by Municipalities ($26,488,939, estimated)	89,127,489
Gas Companies (estimated)	75,000,000
Electric Lighting and Power Companies (estimated)	45,000,000
Transportation Companies not otherwise specified and Canal, Turnpike, Bridge and other Quasi-Public Corporations (estimated to make round total)	114,208.078
Total	$3,200,000,000

Indebtedness of Individuals and Private Corporations.

Real Estate Mortgages—	
On Homes occupied by owners	$1 046.953.603
On Farms occupied by owners	1,085 995,960
On hired Farms and other acre tracts	1.123,152,471
On hired Homes, Business Real Estate and other Lots.	2,768,577,951
Crop Liens—	
In the South (estimated)	$300,000,000
Crop Liens outside the South and Chattel Mortgages (estimated)	350.000,000
Other Indebtedness—	
National Banks, Loans and Overdrafts	$1,904,167.351

"THROUGH LEGISLATION THE MEASURE OF VALUE HAS BEEN INCREASED· WHO HAS BEEN DICTATING THE MONETARY LAWS OF THE UNITED STATES?"

UNCLE SAM "Traitors to your Country and to Humanity! You, as servants of the Moneyed Interests, have legislated the measure to its ridiculous proportions! Unless [illegible]



EFFECT OF LEGISLATION ON GENERAL PRICES: WHAT IS ONE MAN'S MEAT IS ANOTHER'S POISON.

ting forth the figures shown in the preceding note says; "It is believe that the total of the preceding statement expresses the *minimum* debt o the people of the United States in 1890. *Only 12-14 per cent of it i estimated, no part of it is duplicated,* and the supposition is that th accepted debt offset by credit *is more than equaled by the omitted debt.*"

Now, to gain an idea of what this private debt means we mu compare it to something. **The total wealth of all the property in th United States is, by the census of 1890, stated to be 65,000 million of dollars.** This is its selling value and not the price at which it i assessed. Adding to 18,000 millions of private debt the public debt o over 2,000 millions we find that **the people of the United States owe a aggregate of over 20,000 millions of dollars,** AN AMOUNT NEARLY ON THIRD AS GREAT AS IS THE AMOUNT OF ALL THE WEALTH IN THE UNITE STATES, LARGE PARTS OF WHICH ARE OWNED BY FOREIGNERS. THE AMOU OF THIS DEBT FOR EACH MAN, WOMAN AND CHILD IN THE UNITED STATES "$323, OR $1,594 PER FAMILY."[1] THE ANNUAL INTEREST CHARGE P FAMILY IS, AT 6 PER CENT, $95.64. THIS IS THE ANNUAL TRIBUT WHICH EACH FAMILY HAS TO PAY AS A RESULT OF FALLS IN GE ERAL PRICES AND BESIDES THERE IS THE CONSEQUEN DEPRESSION IN BUSINESS.

Compare the above conditions in 1890 with those set forth in th report of the Secretary of the Treasury, Hugh McCulloch, for **1865** (p 8). **"The country as a whole, notwithstanding the ravages of wa and the draught upon labor, is by its greatly developed resources** FAR IN ADVANCE OF WHAT IT WAS IN 1857. THE PEOPLE ARE NOW COMPARATIVELY FREE FROM DEBT."

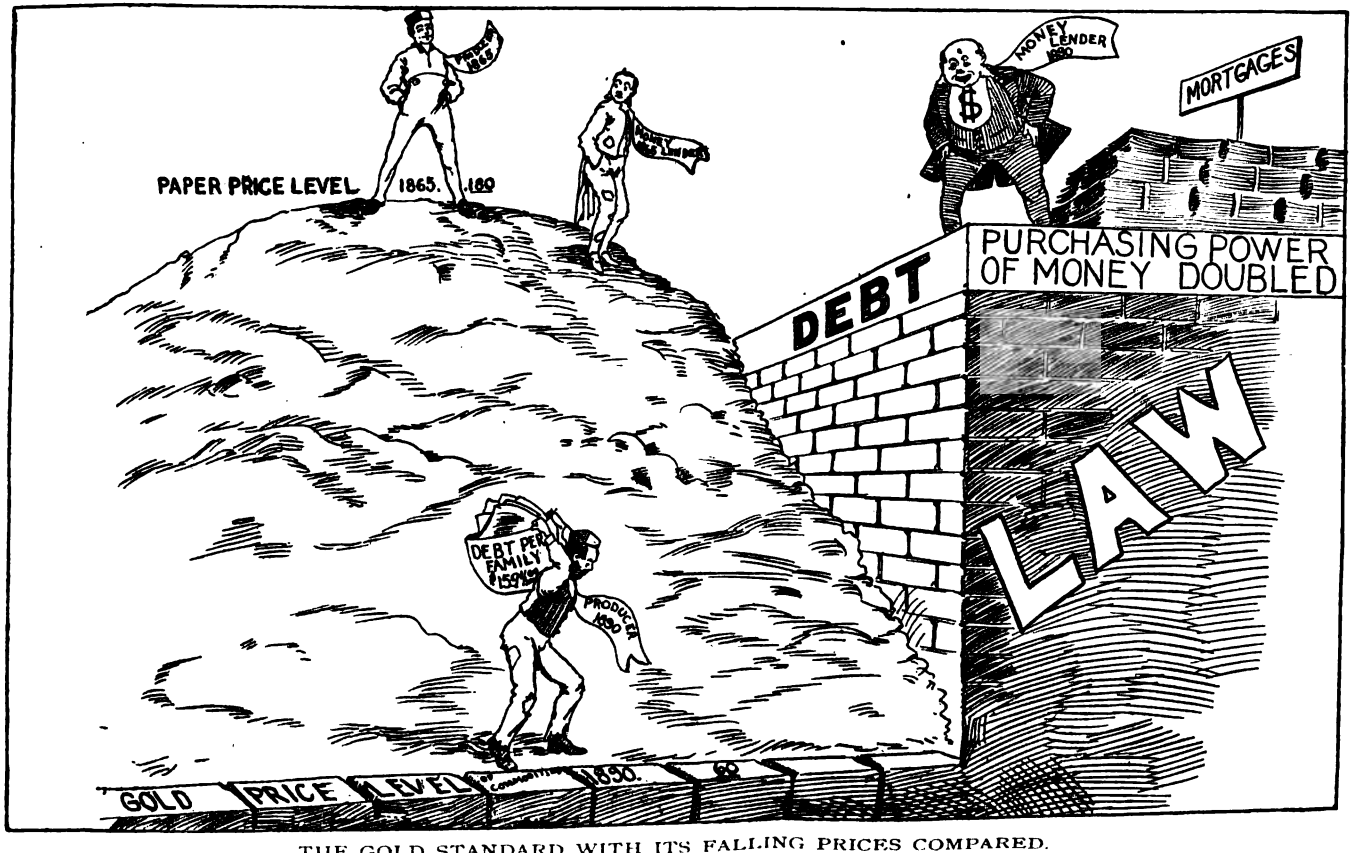
This was in 1865, **just at the close of the great Civil War;** from that time to 1890 we have had 25 years of peace, with *falls in general pric for most of the time,* **and the fearful result is partially pointed out i the second preceding paragraph.** (For illustration see opposite page.

Where will a continuance of an increasing measure of value lan us? We will show you: The above conditions existed in the spring of 1890. During the fall of that year there occurred the crash whic brought down the Baring Brothers. *Falling prices continued during 189 and 1892.* **For the years 1893 and 1894 general prices in the Unit**

Other Banks, Loans and Overdrafts, not including Real Estate Mortgages.....	1,172,918,415
National, State and Local Taxes.....	1,040,473,013
Other Net Private Debt (estimated to make round total).	$1,212,761,636
Total.....	$12,000,000,000

Aggregate Private Debt—	
Quasi-Public Corporations...	$ 6,200,000,00
Individuals and Private Corporations.....	12,000,000,00
Total.....	$18,200,000,000

[1] Report of the Census officer above quoted.

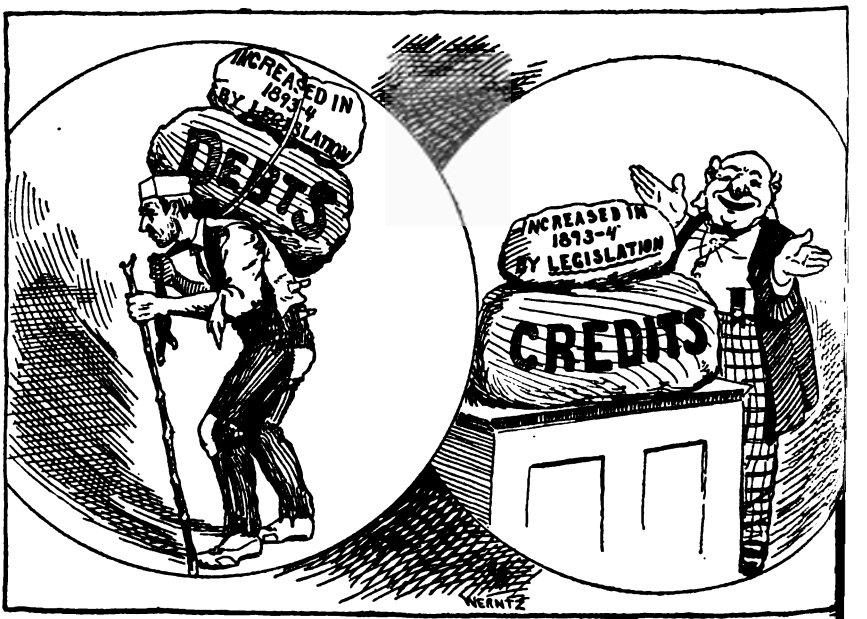


THE GOLD STANDARD WITH ITS FALLING PRICES COMPARED.

1890.—The burden of debt was $1,594 per family, with an annual

States fell 22 points (Dun & Co., page 32 above). Now let us ascertain what this fall of 22 points in general prices during two years meant to the debtor and creditor classes:

The fall in general prices was from 91 to 69. **The measure then at the beginning of 1895 had increased in size 22-69 over what it was two years earlier, or 30 per cent. 30 per cent of 20,000 millions of dollars is 6,000 millions of dollars — six billions of dollars.** THE RIGHT TO THIS SUM WAS TRANSFERRED FROM ONE CLASS OF CITIZENS TO ANOTHER WITHOUT ANYTHING BEING GIVEN IN EXCHANGE. The immensity of this legalized robbery can be better understood when we calculate by families. On this basis THE LOSS TO THE DEBTOR CLASS AMOUNTED TO $478 FOR EVERY FAMILY IN THE UNITED STATES. **This is**



THE FALLING PRICES OF 1893-94:

The load of indebtedness increased per family 30 per cent, i.e., equal to 478 dollars the exchange value of those in use in 1892.

something awful! AND YET THE HALF HAS NOT BEEN TOLD YOU, for we have not shown how the falling prices which took place during these two years resulted in the cessation of production, thereby throwing out of employment vast armies of men, women and children, most of them without the means of subsistence

except as they should mortgage or sell their little properties, and those who could not do this were obliged to subsist upon charity. The idle habits engendered and the loss of manhood and virtue which in other ways resulted, will continue to curse the people of the United States for generations. "The sins of the parents shall be visited upon the children unto the third and fourth generations." Furthermore, we will show to you that the panic of 1893 *was caused by the great creditors of Europe and the United States* **as a means of securing monetary legislation favorable to themselves.** THEY SECURED IT — the unconditional repeal of the silver purchase law — AND PRICES CONTINUED TO FALL, FALL, FALL, AND AS A RESULT THE CONDITION OF THE COUNTRY, BY SPRING OF THE YEAR FOLLOWING, WAS WORSE THAN DURING THE PANIC OF THIS YEAR (PAGE 532 BELOW). HAD THE VOLUME OF MONEY BEEN INCREASED THROUGH THE UNLIMITED COINAGE OF SILVER AND GOLD AT 16 TO 1 WE SHOULD HAVE EXPERIENCED THE BENEFICENT EFFECT OF RISING AND THEN STABLE PRICES.

Rises in General Prices occurred in the spring of 1895, and you remember how full employment returned and then wages went up. **That is what rising prices accomplish.** The *cause* of that rise we will show you was principally due to a concerted movement on the part of a few of the great creditors of Europe and the United States, and their object was twofold: To "kill the silver craze"—kill the desire for rising prices—and at the same time enhance their wealth by purchasing property at the lowest price and afterwards selling it when the high point should be reached. The way they raised prices was principally through the directors of the Imperial German Bank issuing large quantities of paper money and lessening the bank's gold hoard (page 581 below). Isn't it about time that you begin to look into the cause of the changes in the measure of exchange value? The maintenance of a comparatively stable measure can be secured if you want it.

Let us present to you another comparison: You can remember, many of you, the close of the Franco-German war and how the French people promised to pay the Germans an indemnity equivalent to 1000 million of dollars in gold. It was an immense debt to assume, and we all admired the noble way in which the French people took up this great load and freed themselves from the domination of their neighbors. **And yet this great sum was only about one-eighth the amount which the debtors in the United States had "shouldered" upon them during 1893 and 1894** BY THE LEGISLATION WHICH FURNISHED THIS SHIFTING MEASURE OF VALUE.[1] Truly, then, may it be said that the pen which writes a

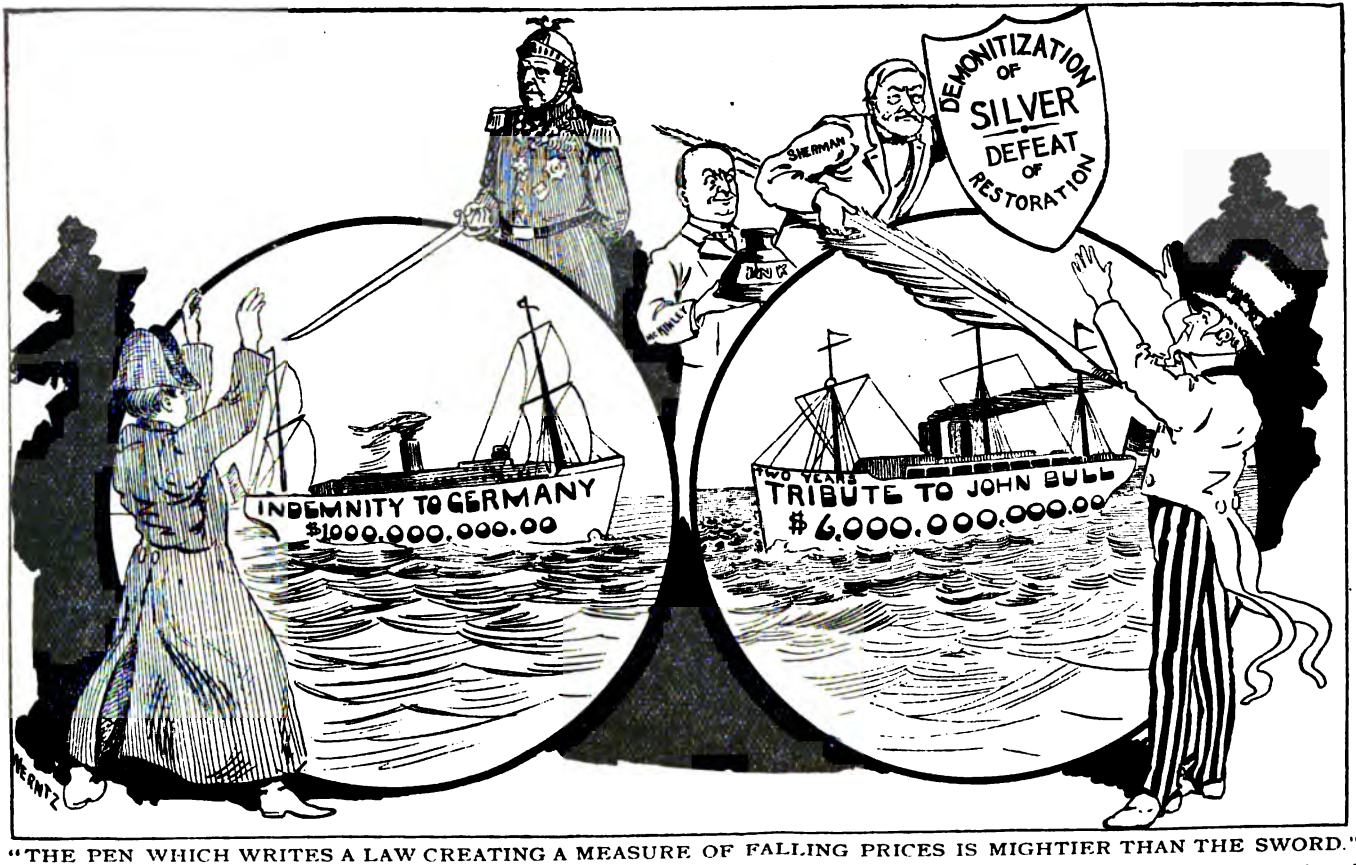
[1] **The 1,000 million dollars of gold in 1871 is the equivalent of 750 millions dollars of gold at the beginning of 1893, owing** to the increased exchange value of gold which at that time had occurred. 750 millions is one-eight of 6,000 millions.

law creating an appreciating measure of value is mightier than the sword. **In two brief years the debtors of the United States are burdened with a liability** EIGHT TIMES AS GREAT AS THE GREAT FRANCO-GERMAN WAR INDEMNITY. (See opposite page.)

Another comparison of the loss which debtors suffered in 1893 and '94 is this: At the close of the Civil War the public debt, including greenbacks and fractional currency, amounted to 2,800 millions of dollars. The exchange value of this amount in 1865 was equivalent to 1,150 millions of dollars of the exchange value of those in use at the beginning of 1893. *This amount,* **compared with that which the debtors of the United States had thrust upon them** IN TWO YEARS **by laws which shifted the measure of value,** IS LESS THAN 1-5TH. IN OTHER WORDS, **the legislative shifting of the measure of exchange value** DURING TWO YEARS **gave to creditors the right to collect from their debtors an amount** FIVE TIMES AS MUCH AS THE GREAT WAR DEBT (See illustration page 70.)

This is stealing on a pretty large scale, isn't it? In accomplishing this theft the great moneyed interests strangled the producers of this country by shutting off the "blood of commerce" (the money supply), *until they surrendered and repealed unconditionally the silver purchase law which was adding to the volume of money 54,000,000 of dollars each year.* The kicking and beating which you received when you were being forced into agreeing (?) to the unconditional repeal of this law you have not yet gotten over; the fearful losses you suffered in 1893 and which have flowed from causes then put into operation will stay with you, many of them, as long as you live, and your children will suffer because of the lost opportunities during those "hard times." But neither you nor I wish to retaliate, **we only wish to secure** IN THE FUTURE **a stable measure of value (stable general prices); we wish to return to the more stable bimetallic standard which existed for hundreds of years previous to 1873.** In getting back to the standard which existed previous to '73, an incident will be a rise in general gold prices amounting to about 25 per cent, *but this will secure greater justice than injustice,* **for it will simply shove the measure back to the size it was at the beginning of 1893.** Surely this is highly desirable!

We will next consider the effect on Prices Fixed by Law of an appreciation in money of 100 per cent during the past 23 years over the average of the 11 years 1867-77. We here take the exchange value of money in the United States, as the prices fixed by law during the years 1865 to 1879 were on the basis of the money then in use.


DEMONITIZATION OF SILVER DEFEAT OF RESTORATION
SHERMAN
INDEMNITY TO GERMANY $1000,000,000.00
TWO YEARS TRIBUTE TO JOHN BULL $6,000,000,000.00

"THE PEN WHICH WRITES A LAW CREATING A MEASURE OF FALLING PRICES IS MIGHTIER THAN THE SWORD."

Emperor Napoleon III, in an endeavor to keep on his throne insulted Germany until she declared war, and then Germany at the point of

UNCLE SAM AFTER 20 YEARS OF PEACE AND GOLD BUG LEGISLATION

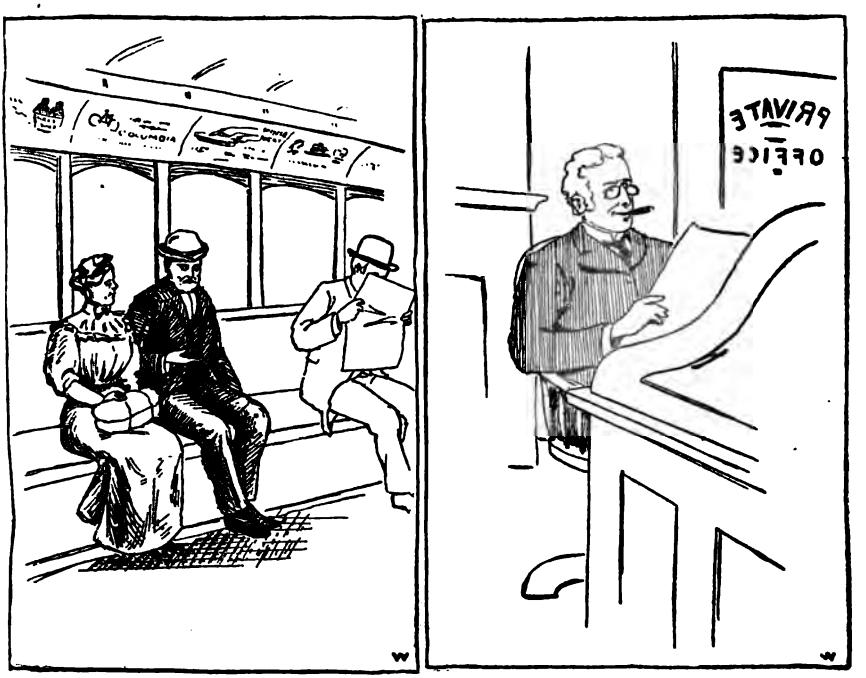
UNCLE SAM (Soliloquizing): Ah me! The load of debt in 1865 was bad enough, but it freed 4,000,000 slaves, abolished the institution of Chattel Slavery, and decided that this is "an indestructible Union of Indestructible States." Since that time, through Legislation, I have been afflicted with falls in general prices, and in 1893-4 through this cause alone I have had shouldered onto me an increase in the weight of debt equal to four times the national debt of 1861-65 and nothing has been received in exchange, trade has been depressed, one-fourth of all my people thrown out of employment, and employers afflicted with losses as great as the increase in weight of debt. How long, O how long are my financial laws to be dictated by the Creditors of Europe and a few of my selfish children!

b. PRICES FIXED BY LAW.

We will first consider Street-Car Fares:

Street-Car Fares.

Each Street-Car Fare of 5 cents has now an exchange value equal to 10 cents of the money in use for the average of the period 1867-77.



EFFECT OF FALLS IN GENERAL PRICES ON PRICES FIXED BY LAW.

WORKINGMAN AND WIFE: "Gee Whiz! Martha, these nickels look as big as dollars did when we were married in 1873. Sugar and everything else we buy has gone down in price one-half, but street car fare remains the same."

STREET CAR MAGNATE: "My stock is now selling at 330, and here is a notice of a 20 per cent stock dividend. I'll send a good sized check to the Gold Standard Party. "Hooray for the Gold Standard! Honest Money is money that Doesn't Depreciate."

In Chicago for the year 1894 the number of 5 cent fares on the four principal street railways amounted to $13,000,000, equal to $26,000,000 of the average exchange value of 1867-77. **This shows a transfer of the people's money to the pockets of those who are apparently benefited by the dishonest gold standard** TO THE AMOUNT OF 13,000,000 OF DOLLARS of the exchange value of the average of 1867-77. THIS IS FOR A SINGLE YEAR. When we take into consideration the other great Ameri-

can cities and the hundreds of smaller cities we see that **the legalized stealings of the street railway corporations,** YEARLY, **are at least** $100,000,000 of the exchange value of the average of 1867-77. This being the amount for *a single year,* **what do you think have been the unjust gains during the past 23 years?** The field is certainly an inviting one for statisticians. Doesn't the appreciating exchange value of money explain why the stock of the street railways is being constantly watered to conceal, so far as possible, their great "winnings?" **The only way this wrong can be rectified is by regulating the measure itself,** for the franchises of corporations cannot be altered during their lives, as to do so would be to violate the obligation of the contract entered into with the stockholders by the State. This is as it should be, *for the Constitution makers* **placed in Congress the power,** AND THEREFORE THE DUTY, **to regulate the value of money—regulate the measure of value.** THAT IT HAS REGULATED IT BY DOUBLING IT IN 23 YEARS IS THE FACT WITH WHICH WE ARE CONFRONTED, AND THE QUESTION IS, WHAT ARE YOU GOING TO DO ABOUT IT? It will, perhaps, help you to keep it in mind by remembering each time you pay your street-car fare that you are paying *double fare.* You may also bear in mind that the franchise probably cost the promoters only such a sum as was required to purchase the votes of enough aldermen to pass the ordinance *giving away the franchise.*

Let us next turn our attention to

Gas Bills.

The Gas Companies with their rates fixed by law are another illustration of how this "shell game" *always robs the people.* A rate of $1.25 per thousand cubic feet of gas, fixed by law in 1873, has in the United States by the appreciation of money, **been doubled in value.** Therefore, when you pay your gas bill and are figuring where you can cut expenses so that you can have a few more of the comforts of life, or pay up some labor union dues, or dues on building and loan stock, **remember that you are paying double rate for your gas. In Chicago for the year 1895 the gains of the gas companies from the increase in the measure of exchange value must have amounted to** 10,000,000 DOLLARS of the average of those in use from 1867-77. The unjust gain in the price of gas, when calculated *for the entire United States and the rest of the gold standard world, helps one to realize that* **for the people to re-establish the bimetallic standard at 16 to 1** (a cheapening of the exchange value of gold about 25 per cent, and thus a partial recoupment of the unjust advantage which has been gained through the appreciating gold standard) **there must be overcome** THE ENTIRE STRENGTH OF THE MONOPOLY POWER, CON

ED WITH THE CREDITOR CLASSES, "TAX-EATERS" AND THE MISUNDERSTAND-
WHICH BUSINESS MEN AND OTHER CITIZENS HAVE CONCERNING THE FACTS
ICH ACTUALLY EXIST. Were it not for the deep-seated love within
e human breast for right and justice *which follows the knowledge of a*
ong done we might well shudder at the outlook.

HANNA (Chairman Republican Campaign Committee): "The members of the
icago Gas Trust can well afford to subscribe 500,000 dollars to help the gold standard
rty in this campaign. If you are to have a continuance of the fall in general prices
u must divide your winnings."

We will next consider

THE PRICES FIXED BY CUSTOM AND BY MONOPOLY.

The instances are almost innumerable where Prices are Fixed by Cus-
m and by Monopoly, that is to say, prices fixed *in other ways than by*
mpetition, or fixed by competition *to a limited extent*. Leading in-
ances are, Passenger Rates to all points where there is no competition;
reight Rates, the same; Telegraph Rate to all parts of the United
tates; Drawing-Car and Sleeping-Car Rates to all parts of the United
tates; and the prices of all Other Monopolies (artificial as well as
atural), for example, matches, cordage, whisky, petroleum products,

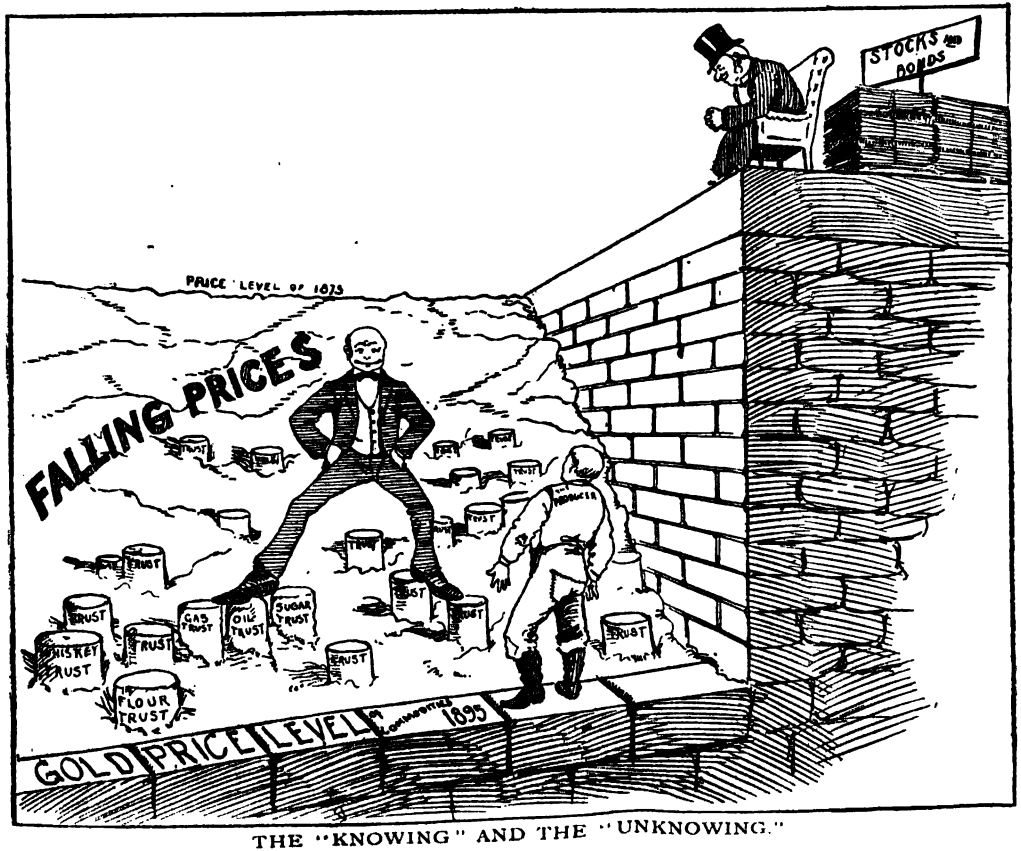
coal, steel rails, oatmeal, and scores of other leading products. In each case the price is kept as high as will yield the best results to the monopolists, and with general prices *falling, individuals realize but partially the increase in the value of the monopoly price;* **and thereby the falling prices permit a greater "fleecing" of the people than they would permit were the measure of value more stable.**

The monopolists, however, *are not to blame for monopolies; falling prices* **have necessitated** *that producers either protect themselves by combinations or* **go down in the general wreckage.** In the words of President Andrews of Brown University, delivered in Springfield, Mass., Oct. 28, '95: "Falling prices always dishearten producers. One does not like to invest in commodities when in a month they are certain to be worth less than he pays. But such investment is necessary if you are going to produce new wealth. Men, therefore, hesitate to undertake the making of new wealth. * * * It will be said that much producing still takes place. Certainly; nothing but death will altogether prevent men from attempting to create new wealth. Those who *persist* in producing consist in a general way of **the knowing and unknowing.** The knowing shelter themselves in producing by some trust or other device by which the general fall in prices is prevented from taking full effect in their business. **The unknowing fail in business; the most of what they have made passes to mortgagees.** AS ONE SET OF THE UNKNOWING GOES DOWN ANOTHER ALWAYS ARISES; so that bonds continue to be marketed and to a goodly extent realized upon, **but those who realize are usually not those who created the wealth.** THIS IS AN UNHEALTHY BUSINESS SITUATION." THE REMEDY IS STABLE MONEY. (See also opposite page.)

The gains to individuals from Customs and Monopolies is such that nothing like an accurate estimate can be made except, perhaps, a rough one as to the unjust gains of the Telegraph Companies and Express Companies; *with the increase in the exchange value of money* **they have not lowered their rates of transportation as has been the case in the postal service.**

A further instance of where prices are *partially* fixed by custom is that of newspapers and other periodicals and many books, both of a general and special nature, for example, law books and medical books.

The Wages for Professional Services are *to some extent* fixed by custom rather than by competition. To the extent that they are fixed by custom and do not fall in price as general prices fall there is an increase in the value of the price charged, but there is this loss to those who render professional services: Falling prices seriously restrict productive enterprises *and thereby injuriously affect wages and the profits of employers;*



THE "KNOWING" AND THE "UNKNOWING."

this results in a lessened employment of those in the professions; and there are also losses through "bad debts."

We will next consider the fourth division which we enumerated under the title "Stability the Desideratum:"

d. INDIVIDUALS ENGAGED IN PRODUCTION WITH CHARGES NOT READILY ADJUSTABLE.

(1.) IN GENERAL.

The *incentive* which leads individuals to engage in productive industry is the Expected Profit — a return from the capital and labor employed.[1] To realize a profit in this age of "division of labor" **those who engage in the production of commodities have fixed charges** such as rents, taxes etc., **which do not readily become adjusted to a change in the value of money, and they have other charges the prices of which are fixed by law.**

(2.) FALLING PRICES: EFFECT UPON EMPLOYERS AND WAGE-EARNERS.

(a.) GENERAL STATEMENT.

To the extent that these charges which the producer has to pay *do not fall in proportion as the price of his product falls*, it is manifest that he (the producer) **loses some of the profits which are usual to the business were the value of money stable,** unless he can shift the loss onto someone else.

Furthermore, he who on a falling market purchases Materials, must, when he resells it, **lose the amount of the fall which takes place between the time of purchase and re-sale,** unless he can shift the loss.

The loss cannot be entirely shifted, and the result is that with an outlook for falling prices an employer does not engage in production unless he already has a business on his hands and cannot sell it at what he considers a fair figure. **But whoever continues the business does so, as far as possible, by working on orders,** if he is a manufacturer, while if he is a dealer **he keeps on hand the smallest possible stock of goods;**[2] as a

[1] In the words of President Walker, December 27th, 1895: "Under the modern system of commerce and industry *the sole motive* for the production of wealth is found in the Anticipated Profits of business." (Paper read at the Annual Meeting of the American Economist Association, December, 1896.)

[2] To illustrate this point we will quote from the "Financial Review of 1883," published in Appleton's Annual of that year: "Distributing merchants under the influence of descending prices *took no more goods than were necessary to supply immediate demands.* Manufacturers were therefore obliged to carry heavy and constantly accumulating stocks or

onsequence HANDS ARE THROWN OUT OF EMPLOYMENT IN MANUFACTORIES ND IN OTHER LINES OF BUSINESS; with the wages of these hands stopped, **here is a still further lessened demand for commodities**[1] AND MORE ANDS ARE THROWN OUT OF EMPLOYMENT. THIS INCREASING NUM-ER OUT OF EMPLOYMENT CONTINUES SO LONG AS FALLS N GENERAL PRICES CONTINUE.[2]

As to the hands whose Employment is Continued, their condition is s follows: The employer doing business with general prices falling has xed charges, such as rents, interest, taxes, etc., which do not readily be-ome adjusted to the change in the value of money, and they have other harges which are fixed by law. To the extent that these charges do ot fall in proportion as the price of his product falls, *he loses some or all f the profits which are usual to the business,* **unless he cuts the wage list**

duce production. The more expanded nd venturesome concerns broke down nder the strain and made the bulk of he mercantile failures."

[1] During 1883, with its falls in general rices, hands were thrown out of em-loyment and wages reduced, and as a onsequence "there were evidences verywhere of *dwindling consumption.*" Appleton's Annual, above quoted.)

During 1884 general prices in the Jnited States fell 4 per cent. Describ-ng the "manufacturing industries for his year," Appleton's Financial Re-iew of 1884" says: "In 1884 indus-rial enterprises were depressed; iron, otton and woolen mills *suspended oper-tions as the demand fell off*, while other manufacturers presented to their em-ployees the alternative of *closing the mills or reducing wages.*"

"In 1893 the presidents of the prin-ipal railway companies said: 'Taxes we cannot reduce; interest on our bonds we must meet; we cannot economize there; we cannot reduce the wages of our employees without provoking strikes. There is but one thing we can do; we can cut down the force.' And they did. They reduced the number of employees about 250,000, or something like one-fourth of all the men employed on the railroads. **When these labor-ers stopped work their power to pur-chase practically ceased, affecting still another class of producers.** The hold-ers of railway securities received their dividends, the tax collectors received their taxes, the incomes of salaried officers continued; but how about the 250,000 men who were thrown out of employment? I think that illustrates fairly well how falling prices operate and shows who gain and who lose by it." (American Economists Annual. Meeting of 1895, page 95. Gen. War-ner, President of the American Bime-tallic Union.)

[2] See note on page 80 below, also the following: **After a crisis or panic,** if general prices continue to fall *and are expected to continue to fall,* **the number out of employment continues to in-crease.** An illustration of this is shown by the business history of 1893 and '94 (page 526 below). Usually a panic car-ries prices *so low that they are expected to rise as times become normal,* **but in No-vember, 1893, such was not the case.** For the law just repealed shut off an increase in the volume of money of 54 million dollars per year from silver, *and it was expected that the falling prices of the preceding years* **would be accen-tuated,** AND SUCH PROVED TO BE THE CASE.

Further data are given below.

and thus throws part of the loss on the wage-earners. HE OFFERS LESSENED WAGES WHICH HAVE TO BE ACCEPTED, for, with unemployed men standing about, strikes are usually unsuccessful; and besides, the employer will close the business rather than continue to manufacture at a cost greater than the price at which he is obliged to sell.

The Cut in the wage is the fall in general prices, thus making the real wage the same as before the fall occurred; **and a further cut so as to offset part of the loss to the business, at least, caused by prices fixed by law not falling, and the other fixed charges, such as rents, interest, taxes, etc., not falling.** In many cases the loss on raw materials is partially recovered by the employer **through cutting the wage list still further.** THUS ARE WAGES LOWERED MORE THAN IN PROPORTION TO THE FALL IN GENERAL PRICES.

During the past three hundred years there has been a tendency to an increase in the real wage. For the period of which we have statistics it appears that PRACTICALLY ALL THE INCREASES IN REAL WAGES OCCURRED WHEN RISES IN GENERAL PRICES WERE IN VOGUE; see below.

Let us review the foregoing and enumerate

(b.) THE PRINCIPAL WAYS IN WHICH FALLS IN GENERAL PRICES AFFECT WAGE-EARNERS.

(1.) **Wages are reduced more in proportion than is the fall in general prices.** This is because the employer must offset part, at least, of the increased exchange value which he has to pay in so far as prices fixed by law, by custom and by monopoly do not fall;[1] and he must offset part at least of the increased exchange value of the dollars which he pays as interest[2] and owes as principal;[3] and he must offset part at least of the loss on the property which he sells after having purchased it when prices were higher.[4]

[1] For instances in which prices are fixed by law, by custom and by monopoly see above pages.

[2] For example, in the two years 1893-94 the exchange value of money increased 30 per cent over what it averaged for the year 1892, page 66 above.

[3] The manner in which the increase in the measure of value adds to the weight of debt has been illustrated. We will, however, give a specific case right here: A manufacturer in business during 1893 and '94 owed, we will say, 10,000 dollars for capital invested in his business. The fall in general prices for these two years was 22 points (page 31, above), thus increasing the weight of debt 22-69, or 30 per cent.

[4] For example, a manufacturer who averages 100 thousand dollars' worth of stock and finished goods on hand lost on this amount during the years 1893-94 30 per cent, provided the fall in the price of his property was equal to the fall in prices in general (page 31 above), or 30,000 dollars of the exchange

(2.) The total wage received is reduced by strikes and lockouts, and working "short time." [1]

alue of the money in use during 1892. To expect that an employer will suffer *ll this loss*, and the loss elsewhere mentioned, through falling prices, *without educing wages so as to offset part at least f this loss, is to suppose that he will go traight on to bankruptcy without saving imself, in part, at least, when it is possible for him to do so.* That it is possible to educe wages so as to offset part at least f the increased expense thrown upon he employer is manifest from the fact hat with falling prices hands are hrown out of employment, and with nemployed men standing about it is asy to reduce wages.

Strikes, Lockouts and "Short Time."

Statistics concerning the number of nemployed in England were presented to the British Gold and Silver Commission, November 4, 1887, by Mr. J. C. Fielden, "Manager of a large mercantile business in Manchester * * * and Director of an Eastern Trading Company," who appeared before the Commission "at the request of the Manchester and Salford Trade Council." He said:

Mr. Samuel Andrew, Secretary of the Oldham Master Cotton Spinning Association [England] has furnished a table of wages and employment from 1871 to 1886. "It is fairly representative of the cotton spinning trade, as Oldham represents one-fourth of the spinning trade." Mr. Andrews sums up his return by saying: "In 1885 **the reduction [in wages] of 5 per cent was made after a strike of thirteen weeks.**"

As to strikes in general since the fall in prices began with the destruction of the bimetallic standard, he says: "I estimate that the loss of time through strikes, short time and stoppages has amounted to about **one month per year since 1876.**"

Previous to the years 1873, **when general prices were on the rise** rather than on the decline, **the employers and employees adjusted wages with but few strikes.** In the words of Mr. Fielden, "I have known the cotton trade since 1851. There was never any trouble about stopping, up to 1874, only during the cotton famine, and the [comparative absence of] strikes are themselves a view of this state of affairs." (¶ 7626.)

During the spring of 1895 there were rises in general prices and wages were raised in the United States with scarcely a strike.

In 1886 the British Commission, on the Depression of Trade and Industry, said: "The fall of prices which has been in progress during the greater part of the last ten years has become *much more marked in the last two;* and its full effect in checking production and depressing trade has, therefore, scarcely become apparent." The Result of these two years in which the falls in general prices "have become much more marked," **is evidenced by the increased number of strikes.** In the United States (on the same gold standard as England) the number of employees striking and involved in strikes for the years 1881-1886, inclusive, are as follows:

	Years.	Employees Striking and Involved.
Falling Prices.	1881	129,521
	1882	154,671
	1883	149,763
	1884	147,054
	1885	242,705
	1886	499,489

Did wage-earners and employers both have authoritative knowledge of the falls in general prices as they take

(3.) The principal ways, however, in which wage-earners suffer a a result of the prices of products falling is that producers *to protect themselves from losses* are inclined to manufacture only on orders; and distributors *to protect themselves from losses* order only from "hand to mouth. *This results in the discharge of a portion of the hands, or the entire force on "short time."* With a portion of the wage-earners unemployed or working short time *and therefore without their usual wages with which to purchase supplies*, **the demand for products is further slackened just that much.** THIS FURTHER LESSENS THE ORDERS WHICH MANUFACTURERS RECEIVE AND THEY DISCHARGE MORE MEN. THIS "RUNNING DOWN" CONTINUES ACCELERATED EACH TIME A CRISIS OR PANIC OCCURS, UNTIL SUCH TIME AS THERE IS A BELIEF AMONG THE PEOPLE THAT GENERAL PRICES WILL RISE OR REMAIN STABLE. With Rises in General Prices existing *and a reasonable certainty that they will continue for a time, the very opposite condition results: people who have money and credits* **hasten to exchange them for property other-than-money and producers give full employment** AT ONCE, **as they are willing to invest their means in the manufactured product until it can be sold.** THIS BEING THE CASE IN ALL THE INDUSTRIES, THERE IS IN A REMARKABLY SHORT TIME A FULL EMPLOYMENT, AND THEREFORE EACH INDIVIDUAL IS IN POSSESSION OF A MAXIMUM PURCHASING POWER.[1]

(4.) There is this further but minor fact: With *the outlook for working short time, or a complete loss of employment*, **the wage-earner works less energetically:** At times he "soldiers" to such an extent that he

place they would be able to agree upon a lessened money wage with less friction than is the case where the facts are unknown. This is manifest when the situation is considered: Where general prices are falling the employer must cut wages in order to keep them *from increasing in exchange value*, and besides he must actually lower them to offset a part of the loss which he suffers through certain charges not falling in proportion as prices in general fall. The employee, not knowing that general prices have fallen, resists, as far as possible, that which he conceives to be an injustice on the part of his employer; and the employer, feeling his loss, although perhaps unable to state just how it occurred, is, in self-defense, obliged to force the issue until the employees give in. *Strikes and lockouts which occur when general prices are falling have almost invariably resulted in the lowering of the money wage. A large proportion of the strikes and lockouts which occur would be avoided did the people through their government announce general prices each week or each month.* A Department of Labor in the United States Government should announce general prices. Until this is done, the several States should announce general prices.

[1] PROOF.

In the following table you will observe that AN INCREASE IN THE PERCENTAGE OF THE UNEMPLOYED HAS

ALWAYS FOLLOWED FALLS IN GENERAL PRICES, AND VICE VERSA.

Extract from the forty-fourth Annual Report of the English Amalgamated Society of Engineers (1894).

Year.	Number of Members at the end of each year.	Average Number of Members on Unemployed Benefit. Per Month.	Percentage of Total Number of Members at end of Year.	
1871 ..	37,790	510	1.3	Rising Prices until July, '73.
1872 .	41,075	397	0.9	
1873 ..	42,382	465	1.1	
1874 ..	43,150	674	1.6	Falling Prices.
1875 ..	44,032	1,077	2.4	
1876 ..	44,578	1,627	3.6	
1877 ..	45,071	2,118	4.7	
1878 ..	45,408	2,974	6.5	
1879 ..	44,078	5,879	13.3	
1880 ..	44,692	2,646	5.9	From July, '79, English Prices Rising till July, '81. American Prices Rose in 1882.
1881 ..	46,101	1,630	3.5	
1882 ..	48,388	889	1.8	
1883 ..	50,418	1,177	2.3	Falling Prices.
1884 ..	50,681	2,591	5.1	
1885 ..	51,689	3,240	6.2	
1886 ..	52,019	3,859	7.4	
1887 ..	51,869	3,292	6.3	From July, '87, Prices Rising and then stable. Tariff Increased in the United States 1890.
1888 ..	53,740	2,239	4.2	
1889 ..	60,728	1,208	1.9	
1890 ..	67,928	1,126	1.6	
1891 ..	71,221	2,156	3.0	
1892 ..	70,909	4,879	6.9	Falling Prices.
1893 ..	73,426	5,924	8.0	
1894 ..	75,510	6,454	8.4	

Before the British Gold and Silver Commission, November 14, 1887, Mr. Fielden presented the statistics of 10 Labor Societies, saying: "In my opinion these 10 Societies represent the skilled artisans of the country, and **the state of employment was worse outside the trade unions than in them.**" (¶7982.)

As to **the pauper returns of England,** Mr. Fielden said: "It is a well-known fact that rather over two persons in every working family are employed in this kingdom. The average number of workers is a little over two per family. Now it is quite clear that if one member of the family is out of work the other member or members would still obtain sufficient earnings to keep the family above the rate per head under which they are admitted upon the pauper returns, and that is why the pauper returns form no real index to the state of affairs as to the number of unemployed * * *. The poor law returns are a measure of absolute destitution; there are a number of agencies at work to prevent a real, genuine, respectable operative reaching the parish * * *. *There never was a time, probably, when I should say there were more agencies at work to assist the people.* **As a matter of fact people's hearts have expanded.**" (¶¶ 7971-79-80.)

We will next consider the statistics showing that

THE REAL WAGE IS LOWERED MORE THAN IN PROPORTION TO THE FALL IN GENERAL PRICES.

The Senate Report on Wholesale Prices and Wages.

The occupations from which the Wage Lists were taken is for skilled labor and does not include common labor nor the agricultural wage. An enumeration of the occupations from which these lists were gathered is set forth below. (a) As it is in the ranks of skilled labor that combinations have been effected to maintain the wage, it is manifest that **the following table will not fully represent the average reduction of wages when men are being thrown out of employment and wages reduced.** Each skilled laborer when out of employment offers himself to do common labor and thus the supply of common labor is greatly augmented. This is in addition to the absence of

combinations among common laborers to hold up the wage.

The General Prices of commodities are for 223 articles at wholesale. Most of them are the average of January and July market prices.

Year.	Average hours of labor. (b)	Money wage each year averaged according to importance.	General Prices of 223 Commodities averaged according to importance, comprising 68.6 per cent of total expenditure.	Comparative stability of the Measure of Value—General Prices.	Comparison of Percentages. Money Wage.	Comparison of Percentages. General Prices 223 Commodities.	Real Wage calculated in Retail Prices, including Prices Fixed by Law, by custom and by monopoly. (c)	Percentage of Unemployed (d)	Allowing for men out of employment the real wage averages:
1873	10.5	166.1	129.					1.1	
1874	10.5	162.5	129.9		−3.6	+0.9 (e)	−4.5	1.6	−5.
1875	10.3	158.	128.9		−4.5	−1.	−4.3	2.4	−5.1
1876	10.3	151.4	122.6	Falling Prices.	−6.6	−6.3	−3.2	3.6	−4.4
1877	10.3	143.8	113.6		−7.6	−9.	−2.3	4.7	−3.4
1878	10.3	140.9	104.6		−2.9	−9.	+2.4 (f)	6.5	+0.8
1879	10.3	139.4	95.		−1.5	−9.6	+4.3 (g)	13.8	−2.5
1880	10.3	143.	104.9	Rising and	+3.6	+9.9	−3.3 (h)	5.9	+4.1
1881	10.3	150.7	108.4	Stable	+7.7	+3.5	+5.2	3.5	+7.6
1882	10.3	152.9	109.1	Prices.	+2.2	+0.7	+1.7	1.8	+3.4
1883	10.3	159.2	106.6	Falling and	+6.3	−2.5	+7.1 (i)	2.8	+6.6
1884	10.3	155.1	102.6	Stable	−4.1	−4.	−2.3	5.1	−5.1
1885	10.3	155.9	93.3	Prices.	+0.8	−9.3	+7.3 (j)	6.2	+6.2
1886	10.2	155.8	93.4		−0.1	+0.1	+0.8	7.4	−0.4
1887	10.0	156.6	94.5	Slightly	+0.8	+1.1	00.	6.3	+1.1
1888	10.0	157.9	96.2	Rising	+1.3	+1.7	+0.9	4.2	+3.0
1889	10.0	162.9	98.5	Prices.	+5.	+2.3	+3.4	1.9	+5.7 (k)
1890	10.0	168.2	93.7		+5.3	−5.8	+8.4	1.6	+8.7
1891	10.0	168.6	94.4		+0.4	+0.7	+0.9 (l)	3.0	1.5

The Rise and Fall of Wages is charted on opposite page.

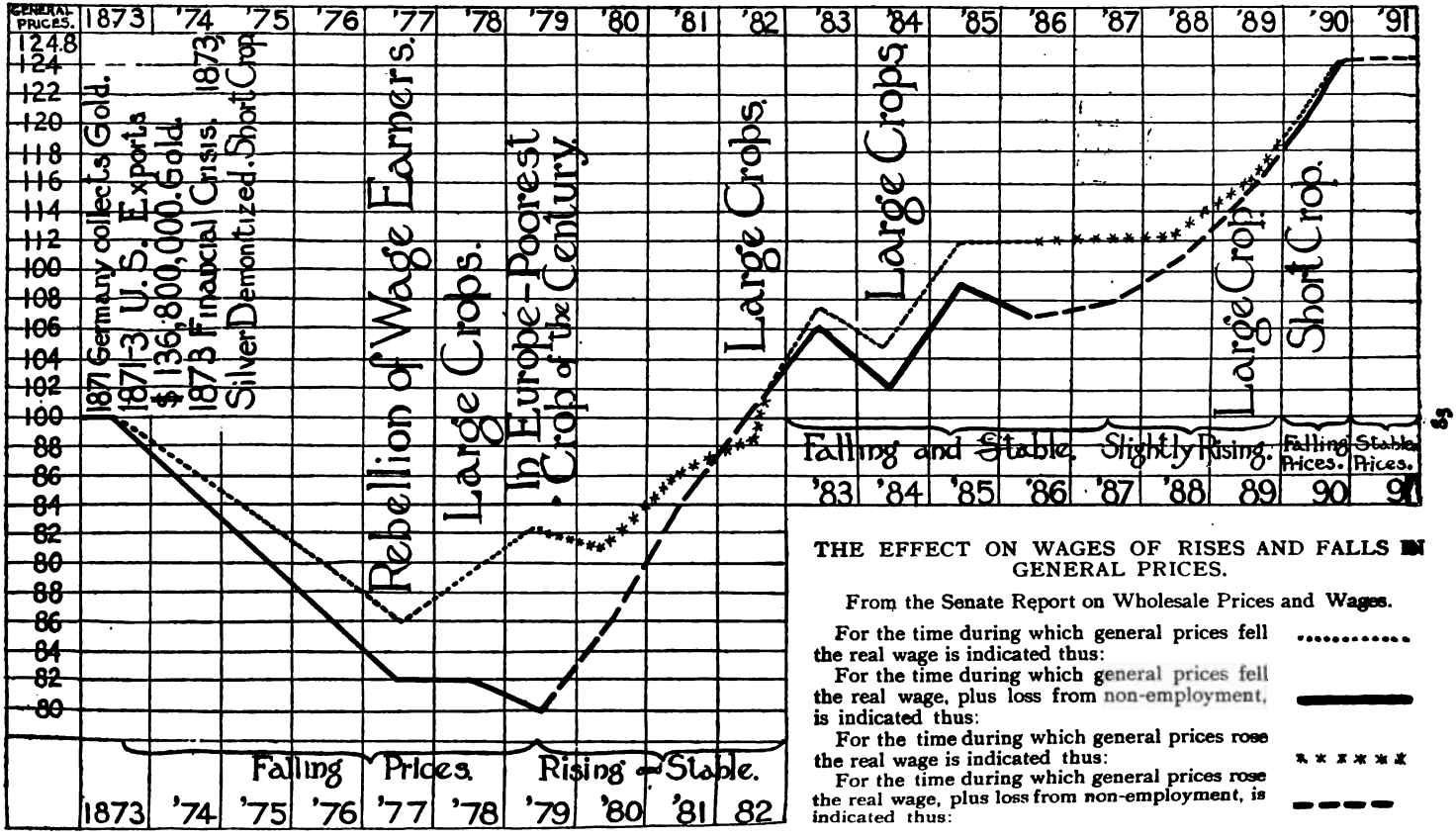
(*a*) Agricultural implements, ale, beer and porter, books and newspapers, building trades, carriages and wagons, cotton goods, drygoods, ginghams, groceries, illuminating gas, leather, lumber, metals and metallic goods, paper, rail, roads, sidewalks, spices, stone, white lead, woolen goods.

(*b*) The Senate report on wages and prices includes the Hours of Labor; Vol. I., p. 178.

(*c*) In calculating the value of the money wage when expended, we have taken the "comparison of percentages" as given in the Senate Report, and allowed for prices fixed by law, by custom and by monopoly, remaining stable. For these our calculation is that **23 per cent of the money wage is expended for things which do not change in price or change but slowly.** 40 per cent is the allowance which Mr. Fielden of England makes (page 92 below.)

As the Senate Report gives retail prices for only two years, we have been obliged to use the wholesale prices, but have made the following allowances: When wholesale prices are falling the retailer does not reduce his prices quite so rapidly, therefore we have allowed that **with a 3 per cent or greater decline in general prices, the retailer keeps one per cent during that year.** His doing this simply divides the loss. **When wholesale prices are rising the retailer usually marks up his prices as rapidly as the rise takes place.**

(*d*) The percentage out of employment is taken from the English table set forth in an earlier part of the above note. There are in the United States no statistics of the unemployed extending over any considerable period of time and based on a percentage of the employed. We, therefore, have been obliged to use these statistics. They as a whole give something like a comparison in the United States for the several years, owing to the fact that **in both countries general prices rose together and fell together,** except for the period when we were on the paper basis (1878-1879), but during this



THE EFFECT ON WAGES OF RISES AND FALLS IN GENERAL PRICES.

From the Senate Report on Wholesale Prices and Wages.

For the time during which general prices fell the real wage is indicated thus: .....

For the time during which general prices fell the real wage, plus loss from non-employment, is indicated thus: ▬▬▬

For the time during which general prices rose the real wage is indicated thus: * * * * * *

For the time during which general prices rose the real wage, plus loss from non-employment, is indicated thus: ▬ ▬ ▬

time general prices *were falling in both countries.* Throughout the gold-standard world from 1873 to 1879, there was the same business depression owing to falling prices (page 350 below).

(*e*) The above general prices are for January and July, 1874, and the fact that the index number *rose* was due to short crops. The real wage fell 4½ per cent.

(*f*) The above figure shows the real wage as it averaged January 1 and July 1, '78, and as compared with the preceding year. It is to be noted that up to and including July 1, '77, there had each year occurred a fall in the real wage of from 3 to 6 per cent. The explanation of why the reduction of the real wage did not continue during the latter part of the year 1877 and the first half of '78 is this: *The condition of the wage-earning class had reached a stage where it was simply terrible* (page 352 below). As a consequence, during July and August a series of strikes occurred throughout the United States and rebellion was the order of the day in many places. **The point had been reached where further reductions in the money wage would not be allowed by the wage-earners and the employers in large numbers must have agreed with them,** so additional losses were sustained by the employing classes in hopes that the tide would soon turn, or "time" was still further shortened, or more hands thrown out of employment. The amount of time lost during the year through non-employment, strikes and working short time was probably much more than 6.5 per cent of the total working forces of the United States. We have used the English percentage of unemployed because we have nothing better.

The crop of 1877 was very good, but the prices of these products were sustained considerably by the Russio-Turkish war which began in the spring of '77.

(*g*) There would have been a fall in real wage for this period of time (January 1 to July 1, '79) had it not been for Large Crops in 1878, and a consequent fall in the prices of food products. The following is evidence of the fact: In April, 1877, the Russio-Turkish war commenced and prices of food products rose. But in the beginning of 1878, on the expectation of "the early cessation of the European War, there was a breakdown in the prices of grain and provisions. * * * In May the price of wheat sank to $1.20 and the fluctuating market dependent upon speculations on the prospects of a European war gave place to a steadily falling market; and when the expectations of a still greater crop in 1878 were confirmed by a generally favorable season, prices sought a much lower level, sinking below one dollar in the latter part of June. * * *

"The price of Indian corn was subject to the same influences which governed the price of wheat, except that it was not so disturbed by speculative operation."

The extent of the crops was as follows: The export of wheat for 1878 showed "a gain of 53 per cent over the previous year. * * * The potato crop was larger than had been expected. The corn crop has been very large ever since 1874, and the yield for 1877 was 30 million bushels greater than that of 1877. The oat crop was the largest ever raised. The rye crop was 60 millions of bushels against 51 millions, barley 48 millions against 34½ millions in 1877." "The swine slaughtered amounted to 30 per cent more than in 1877, and the price sank during the year 50 per cent." (Appleton's Annual for 1878, title, Commerce of the United States.)

The foregoing illustrates the difference between a fall in the prices of agricultural products due to *large crops* and a fall in the price of agricultural products due to *the supply of money not keeping pace with the demand for it* (a fall in general prices). In the one case Nature is bounteous, she yields a large amount of products for the labor expended and thereby the real wage is increased in agricultural and in all industries. It is increased in *all* the industries because the large crops result in agricultural products, as compared with manufactured products, being lower, and the latter higher. This "higher" price for manufactured products causes great activity in the manufacturing industries. On the other hand, when agricultural products fall in price owing to the money supply not keeping pace with the demand the conditions are exactly opposite: the producer in agriculture receives no unusual return in products for his labor, and in the manufacturing industries the employers, to save themselves from loss, discharge hands and work only on orders, and dealers, to save themselves from loss, keep on hand the smallest possible stock, and as a result more hands are thrown out of employment. The absence of the wage of those out of employment results in a lessened demand, which results in more hands being thrown out of employment. This "running down" process continues until there is a prospect of rising prices or at least stable prices.

(*h*) The above figure is the average wage of January and July, 1880. The harvest of '79 was in Europe "the worst of the century" (Sauerbeck), while in the United States the crop was very large. As a result there were high prices for agricultural products and the United States exported great quantities to Europe. **the high prices for agricultural products tended to lower the exchange value of the money wage** and as stated above the real wage for the year was lessened 3.3 per cent. On the other hand the large crop and high prices created a large

demand for manufactured products, and as a consequence **the unemployed were largely set to work and the average money wage increased nearly 4 per cent.**

(i) The above is the average of the wage at January and July, '83. The crop of 1882 was abundant (Appleton's Annual 1882, p. 112), and its price was comparatively low (Senate Report on Wholesale Prices, Part 2, p. 63). As a consequence **the real wage in the United States was greatly improved by this large crop**

(j) This figure is the average of January and July, '85. **The increase in real wage with general prices falling** is accounted for by one of the chief causes in the decline in general prices for this year, namely, Large Crops. In 1884 "the cereal crops were almost unprecedented in magnitude and of superior quality. * * * The European cereal crops were also large, and supplies pressing on the London market from almost every quarter *forced the price of wheat to the unprecedented figure of 81s. 6d. per quarter.*" (Appleton's Annual for 1884, p. 327.)

(k) The above figure is the average of January and July, '89. This average rise of 5.7 per cent in the real wage at a time when there was but a very slight rise in the prices of manufactured products in general, is accounted for by the following happy combination of circumstances: There was a Large Crop in the United States with Short Crops in many foreign countries, and as a result the price of wheat was such that "our farmers generally obtained good prices for their product." **This large crop and good prices increased the demand for manufactured goods, and at the same time the presidential election resulted in a continuance of the protective tariff.** As a consequence of these two causes there was a greatly increased demand for wage-earners in the manufactories. This increased demand is reflected in the 5 per cent increase in the average money wage.

(l) The above wage is for January and July, '91. The lowness is accounted for by the following conditions: "The yield of wheat, corn and oats for season of 1890 was almost as conspicuous for deficiency as that of the previous year had been for abundance. * * * In December corn averaged 50 cents against 23 in 1889; oats were 42 against 23, and wheat was 84 against 69 in 1889." (Appleton's Financial Review of 1890.)

Reviewing the table of statistics on page 82, we find that from 1873 to and including the year 1891 the real wage increased 36.1 per cent *on the basis of the wage list and general prices*, but allowing that when the wage was expended 23 per cent of the things purchased have not fallen in price, **the gain in the real wage for the above length of time was 24.8 per cent.** This is on the basis that the number out of employment was the same at each period of time. The point which this table makes clear is that PRACTICALLY ALL THE FALL IN REAL WAGES TOOK PLACE WHILE GENERAL PRICES WERE FALLING. ON THE OTHER HAND, WHEN GENERAL PRICES WERE RISING THE WAGE LIST ROSE SO AS TO OVERCOME THE FALLS WHICH HAD TAKEN PLACE AND IN ADDITION MADE THE 24.8 PER CENT GAIN IN THE REAL WAGE. Thus the Senate table of General Prices and Wages demonstrate that shortly after the commencement of falling prices wages are reduced *more than in proportion to the fall in general prices*, and that with rising prices for commodities the wage, shortly after the rise commences, is raised *more than in proportion to the rise in general prices.* And in addition to this the number out of employment *increases with falling prices*, and with rising prices *the exact opposite occurs.*

Another factor to bear in mind is that in the United States during these years there were within its borders Fertile Lands reached by railroads and the Title freely given to settlers. This helped to sustain wages. It follows that now that there are no free fertile lands within the country, falling prices disorganize us more than they did previous to 1890.

A still further fact is this: When the Western country was being settled, there were Railroads Building and many other Permanent Improvements taking place with little if any regard to falling prices for commodities; in fact, **they in some respects stimulated the improvement of real property.** The following is one of the evidences: For 1884 "railroad building progressed more rapidly than might have been expected, it being stimulated to some extent by the low price of material and

labor." (Appleton's Annual for 1884, p. 327.)

It is further to be noted that the statistics showing these principles are wage lists of *skilled labor only.* **Did it include the wage of common labor and the agricultural wage it would have shown a greater average reduction of wages during falling prices and a correspondingly greater increase during rising prices.**

Then again: In a new country—a country which exports agricultural products in exchange for manufactured products—the men thrown out of employment through the depressing effect of falling prices can, by **putting on protective duties on a few of the manufactured articles,** RAISE THEIR PRICES **and so put some of their idle men to work for a time.** In other words, *it can partially shift the loss from the wage-earners out of employment* **onto the wage-earners in employment and the owners of agricultural lands.** This is not saying that Protection to Manufactures in the United States has *no sphere wherein it can benefit wage-earners,* for I know that it has such a place. What I do say is that falling prices have produced an increasing stagnation in productive enterprises and that to put on a tariff to *raise the prices* **of a few things** and set hands to work in those industries *is to leave the disease of falls in general prices still at work* and simply shift the loss from those out of employment onto those wage-earners who have employment and onto the owners of agricultural land. In the countries which *export manufactured products* in exchange for agricultural products protective tariffs cannot raise prices and put hands to work except as they build up manufactories *where natural advantages are lacking.* In Germany and Italy the protective tariffs which have been levied since 1873 to give employment to the idle hands caused by falls in general prices *have established manufactories where there were not the best of natural advantages.* **Thus their protective tariffs have been more injurious than ours.** And besides, they have levied tariffs on agricultural products, thus raising their price within the country; and this has raised the rental value of land **and correspondingly increased the injury to wage-earners.**

HISTORY OF FALLING PRICES CONTINUED.

The effect of the falls in general prices from 1873 to 1879 is thus set forth by General Walker in his Political Economy (p. 188): "After the panic of 1873 in the United States industry did not revive to reach anything like its former proportions until 1878 or 1879. During all that period vast amounts of labor power and capital power remained unproductive. Tens of thousands if not hundreds of thousands of laborers were unemployed; an even greater number were employed only on half or three-quarters time. Hundreds of furnaces were out of blast; thousands of water-wheels ceased to turn; thousands of engines stood still. Yet, during all this time all these workmen had occasion to consume food and clothing for themselves and their families, needed to work to earn the means and were honestly willing, yea, heartily desirous to work. All this time all these owners of capital were ready to secure a return for their investments if they could find opportunity; all these conductors of business were eager to win a profit by employing their abilities and experience in productive industry. Why, then, was it, when all were willing to work and needed work, that they did not work, perhaps would say, could not work? What was the force that kept all these laboring men, all these water-wheels and engines, all these capable conductors of business idle during so long a time, so much against their in-

terest and their wishes? **What was it that paralyzed, year after year, at least one-fourth of the mechanical power of the United States?"**

The answer is so familiar that it was not stated, it is FALLING PRICES.

Read also pages 350 to 361 below, as they also set forth the condition of affairs as to the unemployed and the wages paid those who had employment. Be sure and read the pages referred to before taking up the following paragraph.

The Effect of Falls in General Prices was also described by General Walker on the floor of the International Monetary Conference of 1878. He said: "Suffocation, strangulation, are words hardly too strong to express the agony of the industrial body when embraced in the fatal coils of a contracting money supply [falling prices].

"Against so great a wrong to civilization and to the hopes of mankind the representatives of the United States here present raise their earnest protest and warning.

"THIS IS OUR REAL INTEREST IN THE SILVER QUESTION. THIS IT IS WHICH BRINGS US HERE.

"That the United States are at present producers of silver is a consideration so slight IN THE PRESENCE OF FAR-REACHING AND ENDURING INTERESTS LIKE THESE, THAT IT SINKS UTTERLY OUT OF VIEW. * * * The reduction of the stock of money brings in its train indefinite possibilities of evil, not to us alone but to the whole world; not in our time only but through generations to come." (Page 78 of Proceedings.)

The 17 years which have elapsed since the above statement was made fully justifies every syllable there uttered. Will the people of the United States profit by their experience or will they be misled by those who think they are profiting through the appreciating gold standard?

The effect of a policy which should institute falls in general prices is thus described by Henry Clay: **"Enterprise will be checked or stopped, employment will become difficult and the poorer classes will be subjected to the greatest privations and distress."** (Speech in the Senate, 1840.)

The British Commission, on the Depression of Trade and Industry, in their report, 1886, refer to the "serious fall in prices," and say: "There can be little doubt that **productive and commercial enterprises are stimulated to a greater extent by Rising than by Falling Prices.**

"Whatever may be the inconvenience of a rise in prices it certainly encourages a greater activity in production *and an extension of credit.* When prices are Rising, **capital is constantly endeavoring to find new means of employment; and a spirit of enterprise animates all the classes engaged in commercial operations.**

"In times when prices are Falling, on the other hand, **speculation even of a perfectly legitimate kind is checked, and production tends to diminish.** Suppose a manufacturer to borrow a fixed sum at a fixed rate of interest. This he has to repay, whatever the result of his operations may be. Meanwhile, prices may fall. Not only does he buy his raw material at the higher price and sell his goods at the lower; but he has also to pay interest and repay principal on the higher value; and in addition to this it is found that wages do not respond to such movement as quickly as the prices of commodities.

"The trader, too, is affected in the same way: he does not know what the value of his stock will be at the year's end, or what profit he will be able to secure upon his capital; and when trade is crippled it is natural that production should halt.

* * * * * *

"We desire to give Falling Prices a leading place in the enumeration of the influences which have tended to produce the present depression." (Secs. 71-72).

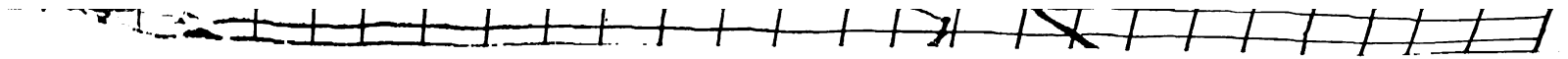
The above is **the unanimous report of a Commission of seventeen of England's foremost economists, financiers and business men.**

To **further illustrate the relation between Falling Prices and Industrial Depression, and Rising Prices and industrial activity,** a chart is given on opposite page. The Index Numbers of General Prices are Sauerbeck's and Jevon's.

Reviewing this chart you will observe that the French Revolution of the latter part of the last century occurred after 7 years of falling prices; and the French Revolution of 1830 occurred after 5 years of falling prices. Coming down to a later period, the labor outbreaks and rebellion in various parts of the United States during 1877 (page 353, below) occurred after 4 years of very severe falls in prices, and at the same time like troubles were occurring in England (page 374, below), Germany (page 375, below) and France (page 376, below). With the rising prices which succeeded there were good times in all these countries (pages 383, 384, below). When the falling prices again set in there were again severe industrial depressions in these several countries, (pages 441, 442, below). With the rising prices which began during the latter part of 1887 industrial activity was the order of the day in each of the above countries (pages 444, 445, below). With the "scramble for gold" which took place during the latter part of 1890 industrial depression set in, but as the fall in prices was small for the next two years the depression was not great; when, however, the fall became more pronounced there was a corresponding increase in the depression. During 1894, the year after the panic in the United States, the continual fall in prices still further disintegrated the productive forces (page 527, below). The rising prices of the spring of 1895, with the consequent industrial activity (page 584, below), are so recent that each of you can remember it.

President Andrews of Brown University, on the floor of the International Monetary Conference of 1892, said: "The general fall in prices has been an absolute and unmitigated curse to human civilization. Mark, it is not *low* prices which we condemn. Low prices, once established, are as good as high. That is to say, the words 'high' and 'low' in respect to prices are not absolute but relative terms. **The everlasting** FALL **of prices, the act of sinking,** IS THE ACCURSED THING. None profit from it but such as are annuitants and nothing else, and **we may be sure that no civilized State is going to legislate to keep prices falling,** WHEN THE FALL IS ONCE SEEN, AS IT MUST SOON BE SEEN, TO INJURE ALL BUT THE VERY FEW UNPRODUCTIVE PEOPLE WHO LIVE UPON THEIR INCOMES. Bankers and money-lenders, as such, are not interested to have prices fall and the value of money increase. What enriches bankers is lively business, plentiful trade, demand for capital, high interest; phenomena which never accompany appreciating money, and in the nature of the case cannot do so. In the absence of wars and all such acute causes narrowing the demand for loanable funds, the present abundance of these in all directions, and the consequent low rate of discount, ought to be read as indubitable signs of a morbid paucity of money in general circulation.

"Gentlemen, this is infinitely the most important aspect of the silver question. The trouble is intensely real. It is at once economic and moral in nature, hindering exchanges and necessitating a measure of injustice in a vast



BEAR PANIC OF 57. PAGE, 270.

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)portion of the exchanges which do :ur. The malady affects all alike, rope as well as the United States, rmany and Austria no less than gland and France." (Page 166 of oceedings.)

Mr. Andrews in a recent work en- led An Honest Dollar says (p. 7): Falling prices may easily retard the aassing of wealth as much in a year as)uld a national war. * * * It is rtain that none who have not made e subject a study, at all adequately con- ive the magnitude of the evil attending e value-fluctuations of money. Cobden d Jevons gave the matter some atten-)n as it related to the sinking value money between 1850 and 1870; and lison has dwelt upon the effects of e reverse process subsequent to 1820. resident F. A. Walker also devotes to ie topic some pertinent remarks. UT I DOUBT IF EVEN THESE /RITERS, **strong as their language ften is in deploring the friction nd wreckage which they describe,** IAVE EXPRESSED THE WHOLE 'RUTH."

Professor Bemis thus sets forth the onditions existing at the present time 1896): "Because of the bad condition if business the American Board of Foreign Missionaries has reduced the olume of its mission work one-fourth, nd all philanthropic, religious and noral work finds it increasing difficult o secure contributions. * * * The Trades Unions, built up through many ears, suddenly loses half its members. Wages fall in one year more than several years may be able to restore. Hours of toil which, in many trades had)een reduced to eight, are increased to ;en, while restrictions on child labor are harder to advance, and tens of thousands of willing workers are unable to find employment. (The Bibliotheca Sacra for April, 1896.)

Falling Prices and Rising Prices Compared.

Sir Louis Mallet of England, delegate for British India at the International Monetary Conference of 1881, said: "An appreciating standard [falling prices] means stagnation of business, discouragement of industry and the spirit of enterprise, anxiety, suffering, crises, **a fatal retrogression and decadence in the material prosperity of the people.** On the other hand, a depreciating standard [rising prices] means, whatever its inconveniences, and sometimes even its dangers, activity, confidence, incessant search for new fields for capital, in a word, PROGRESS AND LIFE." (Fifth Session, p. 263.)

The noted French economist, Michel Chevalier, thus sums up the effect of a change from falling prices to rising prices: "In fine, the change will profit those who live by present labor; it will injure those who live on the fruits of past labor, be it their own or that of their fathers. In this respect **it will act in the same direction with the greater part of those evolutions which are accomplished in virtue of the great law of civilization to which ordinarily we assign the noble name of** PROGRESS.

"It remains to add that in society as it is at present organized the number is very small of those of whom it can truly be said that they live on the fruits of past labor. Real property, rents and the interest of investments depend to such a degree on the present labor of those who pay them that in an important sense those who receive them live rather on the present labor of others than upon past labor." (Republished in Report of International Monetary Conference, 1881, p. 287.)

J. R. M'Culloch, the eminent Scotch

economist, says: "Though like a fall of rain after a long course of dry weather, rising prices may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are actively engaged in industrial pursuits, and is, speaking generally, of **great public or national advantage.**" (Republished in Report of International Monetary Conference, 1881, p. 287.)

Alison, in his History of Europe, says: "**The two greatest events which have occurred in the history of mankind have been directly brought about by a successive contraction and expansion of the circulating medium of society.** The fall of the Roman Empire, so long ascribed, in ignorance, to slavery, heathenism and moral corruption, was in reality brought about by a decline in the gold and silver mines of Spain and Greece, from which the precious metals for the circulation of the world were drawn at the very time when the victories of the legions and the wisdom of Antoninus had given peace and security, and with it an increase in numbers and riches to the Roman Empire. This *growing disproportion*, which all the efforts of man to obviate its effects only tended to aggravate, coupled with the simultaneous importation of grain from Egypt and Libya at prices below what it could be raised at in the Italian fields, produced that constant decay of agriculture and rural population and increase in the weight of debts and taxes to which all the contemporary annalists ascribe the ruin of the empire. And as if Providence had intended to reveal in the clearest manner the influence of this mighty agent on human affairs, the resurrection of mankind from the ruin which these causes had produced was owing to the directly opposite set of agencies being put in operation. Columbus led the way in the career of renovation. When he spread his sails across the Atlantic he bore ma and its fortunes in his bark. The of Mexico and Peru were oper European enterprise." (Vol. 1, 31.)

Since 1873 there have been short periods of rising prices und gold standard and each time a de tion of what occurred was set fo the daily and other newspapers. statements concerning the ben effect of rising and then stable are set forth below, pages 382, 44 Four periods of falling prices occurred since 1873 and each tim temporary history sets forth the tions which prevailed during e these years. It is a history events. See below pages 350, 4 451, 609.

During 1840 general prices wer idly falling and the condition country is thus described by Clay on the floor of the Senate: you, then sir," addressing the President, "in no unfriendly spir with feelings softened and subd the distress which pervades ever of our countrymen, I make the a By your official and personal re with the President you maintai him an intercourse which I neith joy nor covet. Go to him and te without exaggeration, but in th guage of truth and sincerity, the condition of his bleeding country him it is nearly ruined and undo the measures which he has been in to put in operation. Tell him th experiment is operating on the like the philosopher's experimen a convulsed animal in an exhaust ceiver, and that it must expire in if he does not pause, give it fre sound circulation, and suffer the gies of the people to be revive restored. Tell him that in a city more than sixty bankruptci volving a loss of upwards of $1 000, have occurred. Tell him

arming decline in the value of all roperty and of the depreciation of all e products of industry, of the stagna-on in every branch of business and of e closing of numerous manufacturing tablishments which, a few short onths ago, were in active and flour-hing operation. Depict to him, if ou can find language to portray, the eartrending wretchedness of thou-ands of the working classes cast out of nployment. Tell him of the tears of elpless widows no longer able to earn eir bread, and of unclad and unfed phans who have been driven by his olicy out of the busy pursuit in which it yesterday they were gaining an onest livelihood."

This was said in 1840. Falling prices ntinued spasmodically until the gold iscoveries in California and Australia ided very greatly to the volume of oney and then, of course, general rices rose. Of the effect, Newmarch, he Historian of Prices, writing in 853, said (New Supplies of Gold, pp. 9, 90):

Effect of the Inflow of Gold, 1849-1863.

"We are justified in describing the ffects of the new gold as almost wholly eneficial. * * * **It has already levated the condition of the working nd poorer classes; it has quickened nd extended trade and exerted an nfluence which, thus far, is beneficial herever it has been felt.**" Jevons, en years later, fully concurred: "I annot," he says, "but agree with Mc-ulloch that putting out of sight indi-idual cases of hardships, if such exist, fall in the value of gold must have, nd as I should say has had already, **most powerfully beneficial effect.** t loosens the country as nothing else ould do from its old bonds of debt and abit. It throws increased rewards efore all who are making and acquir-ing wealth somewhat at the expense of those who are enjoying acquired wealth. It excites the active and skillful classes of the community to new exertions."

Prices Do Not Rise in Proportion to the Increase in the Volume of Money.

Mr. J. Barr Robinson, in his testimony before the English Gold and Silver Commission, called attention to the fact that after the gold discoveries in California and Australia and up to 1873 "the increased amount of gold *set in motion a vast amount of new industries*, **thus taking up "the extra gain of gold in this country** [England]." (§ 6080.)

Senator John P. Jones has called attention to this fact, saying:

"As is well known, after the discoveries of gold in California and Australia **prices did not rise in proportion to the increase in the money supply.** The reason is to be found in the fact that before prices can rise, the first effect of the new money supply is to quicken the movement and increase the volume of business—cutting out new channels of enterprise and widening those already existing.

"This process calls from idleness to labor every man who has been unemployed, which fact alone absorbs an enormous amount of money. Before any rise could take place in prices there would be an enormous increase in the number of transactions, and a like increase in the number of men put to work, **and so at present, after a long period of shrinkage in the volume of money compared with the demand, an enormous amount of new money would be absorbed as soon as all the people began to be employed and all the energies of this great country be called out.**" (Speech in the Senate, October, 1893.)

does not do more than half the usual day's work.[1] All this reacts injuri upon the wages paid; and it also establishes a habit which becomes in proportion to the length of time which the disheartening outlook tinues.

On the other hand *where prices are stable or rising*, the deman wage-earners exceeds the supply, and there is a healthy and strong in the mental attitude of the workmen, conducive to good habits maximum amount of product from each day's labor.[2]

(5.) And still another way in which falling prices affect wag this: **When the lessened money wage is expended** IT IS FOUND PRICES FIXED BY LAW HAVE NOT LOWERED, for example, street-car fare gas rates, AND PRICES FIXED BY CUSTOM AND BY MONOPOLY FALL BUT L IF ANY. A careful estimate shows that in England, IN ONLY AB THREE-FIFTHS OF THE TOTAL ANNUAL EXPENDIT OF THE WORKINGMAN HAS THERE BEEN ANYTHING L A PROPORTIONATE FALL IN PRICES.[3]

We have called your attention to the principal ways in which fa

[1] Mr. J. C. Fielden, a cotton manufacturer, and who appeared before the English Gold and Silver Commission at the request of the Manchester and Salford Trades Council and the Blackburn Weavers' Association, said that **"steady employment is vitally important to get effective labor."** (§ 7681.)

[2] About the year 1872 Mr. Gladstone made a speech in which he spoke of the prosperity of the country as being so great that it was increasing "by leaps and bounds." This was at a time when prices had been rising for a couple of years (4 per cent in '71, 9 per cent in '72; Sauerbeck's Table of Prices). Of this period Professor Marshall says: "*Everybody was working very hard*, **everybody got exceptionally high returns, employers and employed together;**" and he in effect added, very properly, that rising prices, long continued, result in over-speculation and commercial crises. (Testimony before the English Gold and Silver Commission, § 9827).

[3] For an enumeration of a portion of the things the prices of which are fixed by law, by custom and by monopol above pages 71, 73.

In lieu of any American statisti any considerable magnitude, th lowing English ones are given: C. Fielden appeared before the En Gold and Silver Commission, Nove 4, 1887.

"Question: You are a cotton m facturer? Answer: I am.

"Question: And also the manag a large mercantile business in chester? Answer: Yes, I mana business that turns over nearly 400 a year in cotton goods.

"Question: And you are also a d tor of an Eastern trading company, ing with silver-using countries ma Answer: With Signapore, Pe Rangoon, Calcutta, Bombay and ras.

"Question: And your acquaint with the cotton trade is of long st ing? Answer: I went into the m 13 and I have been connected with cotton trade 36 years.

"Question: And are you acquai with the position of the working cl in the trade in the cotton distri

rices injuriously affect wages. We will next set before you the effect n the wage-earner of his lessened wage, uncertainty of employment, and ı many cases lack of employment, either partial or total.

(c.) THE EFFECT ON THE WAGE-EARNER.

That the effect of a lessened wage (we here mean real wage as distin-

nswer: I have been connected with ll movements in the cotton districts nong the working people since 1855; ıave been the arbitrator for the oper-ives in all the great wage questions here the question has been settled by bitration. If a district gets into ouble with employers about a wage ıestion, and it is agreed to be submit-d to arbitration, the operatives send me to ask me to take their case. I n not connected with any trade organ-ation or trade union.

"Question: You appear before the ommission at the request of the Man-ıester and Salford Trades Council? nswer: Yes. I also appear in accord-nce with a resolution of the Blackburn Veavers' Association and I wish to say hat Blackburn is the greatest weaving own in the world. It contains one-ighth of the whole productive power f Great Britain, as far as cotton weav-ng is concerned.

"Question: You propose to point out o the Commission that if there has een a fall in prices, or assuming that ıere has been a fall in prices, **only a ortion of the benefit of that fall is njoyed by the working classes?** nswer: Part of my statement is, that enerally speaking, in only about three-fths of the total annual expenditure [of he workingman] has there been any fall hatever. When a big fall in prices akes place and everything is supposed o adjust itself to that fall, the result is ot so. For instance, I can enumerate ertain items upon which it is quite lear that there has been no fall what-ver, but in some cases a rise, such as he cost of Government and local tax-ation. There is no fall in the expendi-ture upon drinks, tobacco, temperance beverages, the food vended through hotels, public houses, restaurants, etc.; railway charges for passenger traffic, the cost of supplying water to the com-munity, and I may as well also say, the expenditure in the way of contributions to friendly societies, clubs and unions of various kinds, the fees of doctors, lawyers and the clergy; I may also say that the cost of education has increased and the daily and weekly press are issued at standard prices. **All these items constitute an expenditure, when examined, will be found to amount to at least 400,000,000£ a year," i. e.,** TWO-FIFTHS OF THE WORKING-MAN'S TOTAL EXPENDITURE. "The only object I have in putting forward these figures is simply to show that there is a very large number of charges that have not been affected by the fall in prices, as far as regards the actual payments. It may be that there is increased comfort * * *. I took it roundly that 400,000,000£ of expendi-ture had not changed, as far as actual payments were concerned, notwith-standing the great fall in prices since 1874, and I think, of course, by these items it can be and is easily shown."

Ten days later Mr. Fielden again ap-peared before the Commission and in the course of his testimony said: "I did not include in that estimate of 400,000,000£ a very large item that I have thought of since, viz., the cost of recreation and amusements. They are all growing dearer and they come to a very large sum per annum."

guished from money wage) *is to the injury of the wage-earner* we will not argue, for it is common knowledge that such is the case. We all know that for civilization to advance each person must have many of the comforts of life, and to obtain these the hours of labor should be less and less as improvements in the methods of production are discovered.

In addition to the loss of wages which results from falling prices, there are the following additional injuries:

The injury which results from friction between employee and employer. The souls of individuals progress by expanding in their regard for others, combined with growing intelligence and other desirable qualities. Now, whatever engenders hatred between employee and employer injures both. Furthermore, they cannot coöperate so well politically.

Then there is the habit of working less energetically than is the case where full and continuous employment is assured. It becomes fixed in proportion to the length of time the disheartening outlook continues. Indolent habits cause friction between the employee and the employer, and also injures the employee in many other ways.

Another injury arises from the inability to plan on the basis of a steady income. This keeps wage-earners from entering into obligations for the payment of homes, insurance premiums and results also in less comprehensive plans for the education of their children.

In the case of non-employment, the injury from the habits which result from idleness and loss of self-support by honest means is far-reaching. Among these habits may be mentioned those of lounging, drinking, and perhaps tramping and thieving, and the lethargy, despondency and recklessness which follow more or less the loss of employment and loss of purchasing power.

To sum up the points here made I will quote the words of Hon. John P. Jones of Nevada, delivered on the floor of the Senate, October, 1893:

"It is only when men are certain of earning a livelihood that their real development begins. In order that men may experience the highest and most noble development, not only is it necessary for them to have uninterrupted employment for hand and brain but without this, that is to say, without being relieved of the fear of hunger, no man can put his soul into his work.

"When men are deprived of work, even for a short time, they get into debt, which, being practical slavery, benumbs the faculties and depresses aspiration. With regular and uninterrupted occupation for all there would be fewer disordered minds and fewer men falling into evil ways—fewer lunatic asylums and fewer jails.

"The best missionary work in the world is that which keeps men

nployed. *An increasing value of the unit of money tends to put them out of ıployment.* **The more skillful, intellectual and spiritual a people be-me the greater the necessity for a** CORRECT MONEY SYSTEM,) ORDER THAT THEIR LABOR AND ITS PRODUCTS MAY E JUSTLY MEASURED AND EQUITABLY DISTRIBUTED. he more intelligent and aspiring the people the greater the economic ss by their idleness — the greater the loss to their country and to civili-ıtion. No people were ever more intelligent, aspiring or skillful than ıe people of the United States. The compulsory idleness of large ımbers of our people constitutes a greater loss to civilization than the ɛe idleness of twice the number in any other country of the world."

In short, **a stable measure of value** "WOULD ADD A WHOLLY EW DEGREE OF STABILITY TO SOCIAL RELATIONS." This as Professor Jevon's conclusion after he had for years studied the effect a fluctuating measure.

Next we will enumerate —

ı.) THE PRINCIPAL WAYS IN WHICH FALLING PRICES AFFECT EMPLOYERS.

In the two preceding sections we have demonstrated that with gen-ral prices falling individuals engaged in production suffer losses except ;here the price of their product is fixed by law, custom or monopoly. ıs to how this loss is distributed we have seen that wage-earners lose ırough a reduced wage and non-employment. The question is: Does e bear all of this loss or most of it? Or, does the employer share very argely in the loss?

The position of the gold standard advocates is that the wage-earner ·rospers with the fall in general prices.[1] And therefore that employers ear all the loss resulting from their Fixed Charges not falling, and the ɔss which results through the fall in the prices of Materials on Hand, nd also the loss which results from Lessened Production. But statistics how that **the loss is divided between the employer and the wage-arner.** We will now present to you the proof that **through falling prices he employers lose part of the profits that are usual when general ·rices are stable, and that in many, many cases he loses all his profits, ınd many times his entire capital.**

First we appeal to your own experience and observation. For ex-mple, the year 1894 with its falling prices. During 1894 what propor-ion of employers in competitive business received the usual profits? What proportion received any profits? What proportion had their cap-tal impaired? What proportion became bankrupt?

[1] Page 105 below and the pages following.

The number of bankruptcies for the year 1894 as reporte R. G. Dun & Co. was **13,885, as compared with 15,242 for 1893, 10,344 for 1892.**

The relation between Falling Prices and bankruptcies clearl pears from the statistics.

In the following table, the General Prices are those given in the S Table of Prices, all articles averaged according to importance, con ing 68.60 per cent of total expenditure:

YEAR.	GENERAL PRICES.		FAILURES.	AMOUNT LIABILI
1857	114.0	"Bear" Panic.	4,932	$291,750
1858	113.2		4,225	95,749
1859	102.9	Falling.	3,913	64,394
1860	100.0		3,675	79,807
1861	94.1		6,993	207,210
1862	104.1	Rising.	1,652	23,049
1863	132.2		495	7,899
1864	172.1		520	8,579
1865	232.2		530	17,625
1866	187.7	Falling.	1,505	53,783
1867	165.8		2,780	96,666
1868	173.9	Rising.	2,608	63,694
1869	152.3	Falling until July, '79.	2,799	75,054
1870	144.4		3,546	88,242
1871	136.1		2,915	85,252
1872	132.4		4,069	121,056
1873	129.0		5,183	228,499
1874	129.9		5,830	155,239
1875	128.9		7,740	201,000
1876	122.6		9,092	191,117
1877	113.6		8,872	190,669
1878	104.6		10,478	234,383
1879	95.0		6,658	98,149
1880	104.9	Rising.	4,738	65,752
1881	108.4		5,582	81,155
1882	109.1		6,738	101,547
1883	106.6	Falling.	9,184	172,874
1884	102.6		10,968	226,343
1885	93.3		10,637	124,220
1886	93.4		9,834	114,644
1887	94.5	Rising.	9,634	167,560
1888	96.2		10,679	123,829
1889	98.5		10,882	148,784
1890	93.7	Falling. ('91 Prices high owing to short crops).	10,907	189,856
1891	94.4		12,273	189,868
1892			10,344	114,044
1893			15,242	346,779
1894	68.7		13,885	172,992

These figures clearly show the connection between falling prices and bankruptcies.

President Andrews, of Brown University, thus characterizes the situation: When general prices are falling those who *persist* in producing consist in a general way of the Knowing and the Unknowing. The "knowing" shelter themselves in producing, by some trust or other device, by which the general fall in prices is prevented from taking full effect in their business. *The "unknowing" fail in business;* **the most of what they have made passes to mortgagees.** AS ONE SET OF THE UNKNOWING GOES DOWN ANOTHER ALWAYS ARISES; so that bonds continue to be marketed and, to a goodly extent realized upon, but those who realize are generally not those who created the wealth."

Says Professor Ross, of the Economic Department of Leland Stanford University, December 27th, 1895: "All these bankruptcies and smashups that follow in the wake of an insufficient currency [falling prices] might be endured if they helped to bring the best men to the front, if they were continually plucking leadership from the hands of incompetent men and giving it to the hands of the more efficient. But they do nothing of the sort. **The man who loses under this regime is the active business man; the man who wins is the money lender.** If the enterprise falls into his hands and his money claim becomes a property title he will find that **the forces that formerly worked on his side** NOW CONSPIRE TO CRUSH HIM. He, too, will learn how difficult is the lot of the man who tries to make profits out of a productive enterprise during an era of currency famine and falling prices."[1]

Bradstreet's Report for July 20, 1895, shows that on the 30th of the preceding month 94 receivers were operating **156 railways in the United States, representing about 39,000 miles of road.** It also shows that during the preceding twelve months **46 railroads representing 6,723 miles, passed out of the hands of receivers by foreclosures.**

Effect Upon Owners of Agricultural Land.

The relation between falls in general prices and Ownership of Agricultural Land is shown by the following statistics: **In 1880 25.62 per cent of the farms in the United States were cultivated by tenants; in 1890 34.13 per cent of the farms were worked by tenants.**[2]

See also R. G. Dun & Co.'s statement in 1894 that farmers were selling their crops for less than it cost to produce them (page 542 be-

[1] Tenth Annual Meeting of the American Economic Association, page 65.

[2] U. S. Census of 1880, 1890.

low). The Census report of 1890 shows, so Mr. Taubeneck points that owing to the effect of falling prices and the bounty to the sil using countries, OUR AGRICULTURAL POPULATION RECEIV AN INCOME LESS THAN THAT PROVIDED FOR PAUPE AND PAID FOR CONVICTS. [1]

We will next consider the effect of falls in general prices upon,

I. OBLIGATIONS FOR THE PAYMENT OF MONEY AT SOME FUTURE DATE.

(1) DEBTS. See page 59 above.

(2) LABOR UNION CHARGES.

That a fall in general prices results in an increase in the dues labor unions because of an increase in the number out of employme so patent a fact and so direct a burden upon the wage-earner that not to be wondered at that gold standard advocates fail to speak of la union dues when pointing out to the wage-earner why he should vote the gold standard with its falling prices. The increased expense fr this source to the wage-earner who still receives employment is startli See page 81 above.

(3) MEMBERSHIP IN BUILDING AND LOAN ASSOCIATIO

The effect on the Members of Building and Loan Association falling prices is that the depressing effect which this condition has production and wages results usually in a lessening of the real wage ceived (see above), and at times loss of employment (same), and besi the sum agreed to be paid to the building and loan association, *be fixed*, **increases in exchange value.** All this results in *an increased d culty in making the weekly or monthly payments;* **and necessarily this sults in many instances in the non-payment of dues with the con quent imposition of fines, discouragement and in many cases wi drawal from this most beneficent system.** A measure of gene prices the stability of which cannot be calculated upon in advance by citizens of a state, is a relic of barbarism — it is unfit for a people w plan for years in advance their expenses and savings. Statistics sh that where general prices remain stable there is an increase in the savi in building and loan associations as compared with periods of falli prices.

(4) MEMBERSHIP IN LIFE INSURANCE COMPANIES.

Analogous to savings invested in building and loan associations

[1] "The Condition of the American Farmer," page 9.

obligation entered into for years in advance, is that of life insurance. Here, as in building and loan societies, the individual obligates himself for years in advance to pay a definite sum of money. Now, with general prices falling, *the exchange value of each payment increases* and besides, the individual, be he wage-earner or employer, *is receiving less real wage than he would be were general prices stable*, and in the case of an employer, *the profits from capital invested is diminished also.* With this lessened ability to pay and the increased amount of payment to be made, the result is a **much larger percentage of life insurance is dropped than would be the case were the exchange value of money to remain stable.** This is a loss to the country in two ways: first in the loss of insurance to the individual and his family, and secondly the tendency to discourage the taking out of insurance.

An unthinking person may ask: Is not the gain to those who finally win the insurance sufficient to offset the loss to those who drop out because of the effects of falling prices? The answer is, first, *that the gain is* **entirely an unearned one** — a sort of thieving process. Secondly, that doubling the amount which one widow and her family receives while another widow and her family receiving *nothing* is not as good a distribution of the funds as though each were to receive one-half the amount; that is to say, receive the amount *which was contracted for when the insurance was taken out.* To attempt to justify the appreciating gold standard requires a justification of lottery schemes and of robbery by statute law.

4. Resume.

We have now presented to you some of the facts which show the evil effects of the increase in the measure of value (the fall in the general prices of commodities) which has occurred since 1873 *as the result of the legislation secured by the moneyed interests.* We have presented to you the effect of this appreciating measure on Debts, and the extent of the legalized robbery has been so great that it has been difficult to sense it in all its bearings. Each of you, however, was able to realize perfectly the amounts which Prices Fixed by Law have unjustly taken from you daily. The amounts unjustly taken from you by Prices Fixed by Custom and Monopoly cannot be calculated with such exactness but are, nevertheless, *just as real.* We saw, however, that the **worst effect of falling prices is the way they cause production to "run down."** The incentive to production is the Expected Profit and when prices are expected *to fall* the result is that *shops and mills are closed unless to do so would cause a greater loss than to run them.* In this connection an important

fact is that **in recent years employers have been more and m largely those who have ability and who generally use** BORROW MONEY, and, therefore, A LOSS OF PROFITS FOR A SINGLE HAS FREQUENTLY SENT THEM INTO BANKRUPTCY AND DISORGANIZED T ENTIRE ESTABLISHMENTS. It is manifest, then, why these Captain Industry anxiously watch the course of prices and quickly curtail op tions when there looms up *a probability even* of falling prices.[1]

A further fact is that the Division of Labor has reached so attenu a stage that to keep all the parts at work and in no part an over-pro tion as compared with the other parts *requires the utmost care.* W **shall we say, then, of a system which shoves the measure of excha value (the general prices of commodities) up and down** AS BEST B FITS A FEW OF THOSE WHO COMPOSE THE NON-PRODUCING CLASS? We mit this when we should guard the measure of value more zealously we guard any of the principles set forth in Magna Charta and save us through the blood of hundreds of thousands of martyrs. Think **in the United States we don't even let the producing classes** KNO **the fluctuations in the measure of value (general prices) until a**

[1] In the words of Professor Walker: In the manufacturing industries the conditions are now such that "powerful and complicated machinery is now introduced into almost every branch of production, and costly structures and 'plant' are required; great numbers of operatives, of both sexes and all ages and every degree of strength and skill, have to be gathered under one roof, each knowing only his or her own part of the process of production, all requiring to be instructed, equipped, organized, energized and directed by the intelligence and will of one man. * * *

"The introduction of this principle of mastership into industry makes a great gain of productive power; but this gain is not secured without an appreciable loss. The entrepreneur [captain of industry] finds his Motive for organizing and conducting the great enterprises of modern industry **in the profits which he hopes individually to realize.** His entire personal interest in production is found here. It is, perhaps, to secure a net profit to himself of fifteen or twenty thousand dollars that he leases lands and buildings, borrows capital, and hires the l requisite to achieve an annual pro of half a million of dollars. If, i the conditions of trade and indu are such as to *destroy for the tim profits*, much more if they are suc to *threaten a loss which will impai integrity of the capital for which he h come responsible*, **his interest in duction is greatly diminished, if destroyed**; he will either cease ducing entirely, or, which is m likely, will contract the scope of operations. Were he to pro $500,000 worth, as heretofore, a s fraction of his stock unsold mi sweep away his own gains for the y or leave a deficit; whereas, were h produce $400,000 or $350,000 worth would probably dispose of his stoc prices high enough to make him good, and perhaps leave a small mar of profit, while, at the same time, h ing his laboring force and his cust ers together." (Walker's Polit Economy, p. 183.)

or more has passed! It is only by general prices that we know the fluctuations in the measure of prices and our government does not publish them, except as our officials republish the English tables of general prices *given to the public at the end of the year.* Should the government publish *weekly* the fluctuations in the measure of prices, the present iniquitous system would last but a mighty short time! It is our belief that before election day enough of you will become convinced that stability in general prices is the desideratum so that there will be elected a President and Congress pledged to Stable General Prices—STABLE MONEY. **You now know what** "SOUND MONEY" **means, and we don't believe that you will vote for a continuance of it.** The advocates for the moneyed interests are trying to confuse you, but stick to the fundamentals and you can floor them every time.

The Fundamentals.

The question is,

(1.) Is stability in the general prices of commodities the criterion of what will best promote the general welfare? And,

(2.) How stable has been this measure of prices since 1873?

Unless these two points are first settled, how is it possible to discuss intelligently the gold standard? **If general prices have fallen 50 per cent, or 40, or 30 per cent,** THAT FACT EXISTS and is not explained away by showing the increase in the banking facilities (*which simply has prevented prices from falling* **to lower levels**); nor is it explained away by showing an increase in the volume of currency through the use of silver (*which simply has prevented prices from falling* **to lower levels**); nor is it explained away by talking about volumes of credits *in the past,* nor by showing that wages have increased (which simply shows that **they have gained** A SMALL PORTION **of the benefits of improvements; that the appreciating gold measure has not taken** ALL **the benefits from improvements**).

In short, after it is agreed that stability in the general prices of commodities is the desideratum (and the proof of this is the fact that falling prices injure society) there is no theory or principle involved, but only the question of fact as to *the extent of the fall in general prices.* Therefore, do not let the advocates of the appreciating gold standard draw you away from this firm ground. Nor should you concern yourselves as to which of the bimetallists are right as to the comparative effect on prices of "redemption money" and other forms of money: The question is, What has been the fall? Not *how did it come about?* It is time to consider "redemption" money when you come to consider Remedies.

We have advised you to "not let the advocates for the appreciating

gold standard draw you away from" the fundamental fact that "sta in the general prices of commodities is the desideratum [and the of this fact is that falling prices injure society]." A few of the sop of the gold standard advocates we will now present to you:

5. *The Defense put forth by the Advocates of the Gold Standa*

What the Hired Men Say.

A book published in 1895 thus tells the workingmen, farmer manufacturers why they should *vote against the rising and then stable* which the free coinage of silver will furnish. "The answer o economist," it says, "is unmistakable. **The free coinage of silv anything which depreciates the standard [in other words, raise general prices of commodities]** WOULD AFFECT ALL C MODITIES ALIKE."[1]

This is said by "J. Laurence Laughlin, Ph. D.," a man w truthfulness is vouched for by the Trustees of the University of Chi for they have clothed him with the office of "Head Professor of Pol Economy in the University of Chicago" and in the book **this tit affixed to his name.** The name of the book as it appears on the cover is "Laughlin Versus Coin: Facts about Money." So you see the Trustees of this University "employ an advocate for the appr ing gold standard," **clothe him with the title which the people be stands for truth,** AND THUS EQUIPPED THEY ATTEMPT TO "RIDE DOWN" TRUTHS SET FORTH IN COIN'S FINANCIAL SCHOOL. BY THIS MEANS ATTEMPT TO HOODWINK THE PEOPLE OF THE UNITED STATES AND GET TO VOTE FOR A CONTINUANCE OF THE FALLING PRICES BROUGHT ABO 1873 THROUGH THE SURREPTITIOUS REPEAL OF OUR BIMETALLIC Through the legislation which the creditor class has secured, the p of commodities taken as a whole have kept falling, falling, falling, transferring to those who secured the repeal of the law millions millions of dollars of property for which they have given in exchang *one cent;* **and worse than all this,** the falling prices resulted — as always do — in a disarrangement of the productive forces.

This "hired man," in a later chapter entitled "Money and debtedness," says: "By a vicious and dishonest perversion of the 'Coin' hopes to show that certain men are trying to contract the qua of money in order to satisfy their own avarice and greed. The absolutely no truth in this. But if it can be shown that the valu goods *do not change relatively to each other, even if money changes*, the w

[1] Facts About Money, p. 122.

stock in trade of Coin disappears. *Honest people care only to know what the truth is;* **and it is easy to show them that goods themselves do not change in value because of any change in the quantity of money.** * * *

"It cannot be too strongly insisted upon that changes in the quantity of money or in general prices **do not modify the exchange relations of the goods themselves,** nor change the values of property. **The only thing modified by changing the quantity of money is the value of the money itself.**" [1]

These lies of the hired man are so patent that "he who runs may read." He says that a rise in general prices "affects all commodities alike!" Was there ever a more contemptible falsehood? He well knows about prices fixed by law, monopoly, and custom.

On the second page following the quotation last given, this "Head Professor of Political Economy in the University of Chicago" further instructs the voters of the United States that "**the only effect** of cutting a dollar in two — as would happen if we fell to the single silver standard — *would be a repudiation of one-half of all obligations.*"

Four pages later this same instructor (employed by the moneyed interests) tells the voters of the United States that "**if anyone supposes that poverty is due to a** 'SCARCITY OF MONEY' [FALLING PRICES] it is high time he began to study the subject of political economy. * * * POVERTY, THEN, HAS LITTLE TO DO WITH THE VOLUME OF THE CIRCULATING MEDIUM."

Two pages later and in the same chapter he says: "The eagerness of the advocates of free silver is founded on an appeal *to dishonest cheating on the part of those who would like to repudiate and scale one-half of their obligations.* THAT IS THE SIMPLE TRUTH ABOUT IT."

On the page following he says of "the real test of the silver campaign:" "Its true purpose is not a love for silver itself as a dear and much abused metal, but SIMPLY FOR REPUDIATION AS SUCH, expressed in a 51-cent dollar."

Prof. Laughlin in the opening paragraph of this book (Facts About Money), *intended for circulation among the voters of the United States,* says: "'Coin's Financial School,' to any careful student of money, does not seem worthy of serious discussion; but it has been seriously taken by so many people that it would be idle to regard it as beneath notice. In my judgment the book would not have had so great an influence if the public had had at hand **the facts** on the money question, prepared for easy reference, with which to correct erroneous statements. **This belief has guided the form of this answer to 'Coin.'** * * *

[1] Facts About Money.

"It must be regarded as a piece of good fortune that 'Coin's' h has attracted so much attention, **and consequently made it possibl get the ear of the country** on so grave and momentous an issue as between free coinage of silver at 16:1 **and a sound monetary po Out of all this interest and discussion the public will get education** and for that we ought to be grateful for 'Coins' book."

BEHOLD!!!

HEAD PROFESSOR LAUGHLIN'S FAIRY STORIES

The free coinage of silver with its rising prices **would affect all commodities alike.**
The **only effect** of rising prices would be a repudiation of one-half all obligations.
The Free Silver campaign **is simply for repudiation** as expressed in a 51-cent dollar.
Falling prices **have little to do with poverty.**
For further Truths, voters are requested to see my book "Facts about Money."

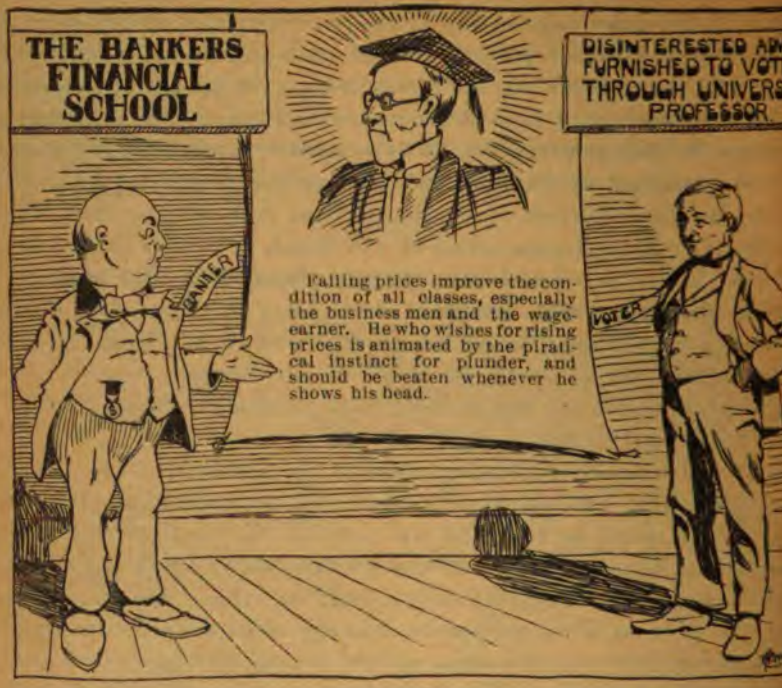
Professor Miller, of the Economic Department of the Univers of Chicago, in an address delivered at the annual meeting of the Illi State Bankers' Association, June 6, 1895, said: "Under the fal prices [of commodities in general] of the last twenty years or m * * * never in a corresponding period of time has there been solid improvement in the condition of all classes and degrees of wo ers, from the common laborer up to the manager of the factory, raily or bank, as in the last thirty years. And all this has taken place wh prices have been falling—nay, more, IT HAS TAKEN PLACE JU BECAUSE [GENERAL] PRICES HAVE BEEN FALLING."

This, my countrymen, was what the employee of the trustees of the University of Chicago put forth to the citizens of the United States in order to secure their votes for a continuance of the falling prices which result from the use of gold as the measure of prices. **He is worse than a traitor to his country, for he is a traitor to all humanity, and he is a blasphemer of God, for he falsifies the Truth.** A few centuries ago we had the horrors of the Inquisition, and now we have a refined but no less effectual persecution of the people *by leading them with lies to vote for falling prices* **and thus torture themselves and families and benefit the few great creditors** WHO MISLEAD THEM THROUGH THEIR VARIOUS TOOLS, among which are those whom they clothe in Cap and Gown—emblems of Truth—an office which through centuries of high service to man has led him to believe its occupant to be all that he purports to be—a Priest of Science—Truth.

This employee, continuing, said to the bankers: "Let us be clear with what and with whom we have to deal in the pending crisis. The friends of a sound currency do not question the motives of any honest advocate of silver, but they do charge dishonesty upon those who are wilfully seeking to degrade the standard of value. Disguise it as we may, the present silver movement is in the main simply inflationism [a demand for more money to raise general prices], masquerading under the name of Bimetallism. The inflationist we have long had with us. [In fact, ever since falling prices began.] He is not to be educated by argument, nor to be won by appeal. **He is animated by the piratical instinct of plunder** [?] and is to be treated as an enemy, to be met AND BEATEN WHENEVER HE SHOWS HIS HEAD."

Yes, he who complains of falling prices is "to be met and beaten whenever he shows his head." THIS IS JUST WHAT THE MONEYED INTERESTS DID IN 1893: In the West and South, where the representatives of the people in Congress stood out against the unconditional repeal of a law which added to the volume of money in circulation 54 millions of dollars per year, they were "beaten" until they sank into the dust, and the legislation which the moneyed interests desired was secured. **But the people to-day understand the effect of falling prices**—they have for years been passing through the valley of shadows **and they will, in November next, bury with snowy ballots the advocates who champion the falling prices of commodities as a means of benefiting humanity.**

"F. W. Taussig, LL. B., Ph. D., Professor of Political Economy in Harvard University" says: "The fact of a general fall in the prices


THE BANKERS FINANCIAL SCHOOL
DISINTERESTED AD
FURNISHED TO VOT
THROUGH UNIVERS
PROFESSOR
BANKER
VOTER
Falling prices improve the condition of all classes, especially the business men and the wage-earner. He who wishes for rising prices is animated by the piratical instinct for plunder, and should be beaten whenever he shows his head.

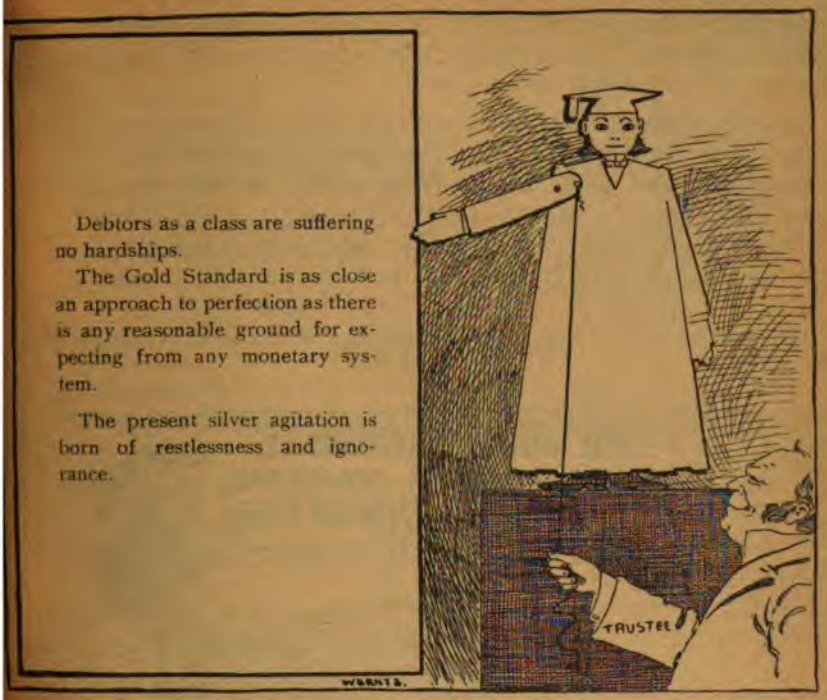
of commodities during the last fifteen or twenty years cannot be den
He then makes the fallacious argument set forth at page 37, above
claims that the wage-earners of the country have greatly prospered
concludes: **"It is idle to talk of a depressing effect on ente
from the fall in prices.** It is to be noted that THE BOOK WAS
LISHED JUST BEFORE THE NATIONAL ELECTION OF 1892.

A few pages later he says (p. 120): "DEBTORS AS A CL
ARE SUFFERING NO HARDSHIPS."

At page 124 he says: "In fact, **gold performs the functions
measure of value and of a standard of value** WITH AS CLOS
APPROACH TO PERFECTION AS THERE IS ANY REASONABLE GROUN
EXPECTING FROM ANY MONETARY SYSTEM."

In conclusion he says: "Lastly there is an objection to a chan
a silver standard or to any proposal of the sort, less tangible, per
than those stated hitherto, yet more important and fundamental.
an objection to the *morale* of the thing; to the disposition to tinker
the currency as a remedy for real or fancied evils. * * * The
eral character of the present silver agitation **is born of restles
and ignorance."** (p. 126.)

[1] The Silver Situation in the United States, pp. 105, 111, 2nd ed.


Debtors as a class are suffering no hardships.
The Gold Standard is as close an approach to perfection as there is any reasonable ground for expecting from any monetary system.
The present silver agitation is born of restlessness and ignorance.
TRUSTEE

To this the voters of the United States on the second Tuesday of November will say: "A few of the great creditors of Europe 'tinkered with our currency laws' in 1873 and as a result we are on the gold standard with a 50 per cent fall in prices. Now we'll put back the law which they 'tinkered' for us, and if they touch it again we'll blow their heads off." And in various ways they will say to the trustees of several of our endowed universities: "You have miseducated the people of the United States concerning economic and political questions and we will condition your franchises upon your adopting the European system of letting your professors meet the direct competition of other Doctors of Philosophy, otherwise we will permit nothing but State and national universities to exist."

In 1895 Professor Taussig worked for his employers diligently. Among other things, he, in December, met with the American Economic Association and put forth a paper for the gold standard in which he said: "**The burden of debts has not become heavier**" and "**no depressing influence has been exercised upon industry and trade from the downward pressure of prices.**"[1] These lies were circulated by the

[1] Page 80 of Proceedings.

gold standard press of the country with a great parade of the fact they were uttered by a professor from "Old Harvard"—a great time-honored institution of learning.

John B. Clark, Ph. D., Professor of Political Economy in Colu College, New York City, says: "**The [gold] standard that we h attained [for the past twenty-three years] is then an ideal in the sense that** IT MOST EFFECTUALLY PRECLUDES EQUALITY OF TREATMENT OF DEBTOR AND CREDIT when contracts are literally enforced."[1]

THE EDUCATION (?) OF VOTERS BY THE PRINCIPAL NEW YORK UNIVERSITY.

This was put forth by the employee of the trustees of Columbia C lege, New York City. The title which these Beneficiaries of Fall Prices have conferred upon their advocate is "Professor of Politi Economy." Thus vouched for to the voters of the United States, put forth for his employers this statement in September of last ye

[1] Political Science Quarterly, "Edited by the University Faculty of Political Science, of Columbia College." V 10, No. 3 (September, 1895), p. 400.

urging the voters of the United States to continue falling prices as a matter of JUSTICE—AS THE ONLY METHOD OF PROMOTING THE GENERAL WELFARE.

Now, let us see what the statesmen of our country who have been elected to high offices during the past twenty-three years, say of the effect of falling prices:

b. WHAT THE UNITED STATES PUBLIC OFFICIALS SAY WHO HAVE BEEN ELECTED BY THE BENEFICIARIES OF FALLING PRICES.

President Cleveland.

During the early spring of 1895 some Chicago "sound money" men invited President Cleveland to visit Chicago to attend a public reception, in order that the "business men and citizens of Chicago" "might express their deep sense of appreciation of your statesmanlike and courageous action in maintaining the financial credit of our government, and your uncompromising attitude in favor of the preservation of a sound national currency [i. e., the appreciating gold standard and the issuance of paper money by the banks]." President Cleveland replied in a letter dated April 13th, stating that he should not attend and among other things said:

"It is utterly impossible that anyone in our broad land, rich or poor, whatever may be his occupation, and whether dwelling in a center of finance and commerce or in a remote corner of our domain, can be really benefited by a financial scheme **not alike beneficial to all our people.**"

Was there ever a greater demagogue?

He also said: "It ought not to be difficult to convince the Wage-Earner that if there were benefits arising from a degenerated currency [rising prices for commodities] **they would reach him least of all** and last of all. * * * The pages of history are full of this lesson."

To the Farmer he said: "In these restless days the farmer is tempted by the assurance that though our currency be debased, redundant [i. e., the prices of commodities rising] and uncertain, such a condition will improve the price of his products. Let us remind him that he must buy as well as sell; that **his dreams of plenty are shaded** BY THE CERTAINTY **that if the prices of things he sells are nominally enhanced the cost of the things he must buy** WILL NOT REMAIN STATIONARY [same effect Prof. Laughlin, quoted above, who said that rising prices "**would affect all commodities alike**";] that the best prices which cheap money [rising prices for commodities] proclaims **are unsubstantial and delusive;** and that even if they were real and palpable **he must necessarily be left far behind in the race for their enjoyment.**"

"An insidious attempt is made to create a prejudice against the ad vocates of a safe and sound currency [the gold standard and the issu ance of the paper money by the banks] by the insinuation, more or les directly made, that they belong to financial and business classes [t should have said, "**they belong to those who are benefited by an in creasing measure of value**"] and are, therefore, not only out of sym pathy with the common people of the land [who are *injured* by an increa ing measure of value], but for selfish and wicked purposes are willing t sacrifice the interests of those outside their circle. * * * **It is utterl impossible that anyone in our broad land,** rich or poor, whatever may b his occupation, and whether dwelling in a center of finance and com merce or in a remote corner of our domain, **can be really benefited b a financial scheme not alike beneficial to all our people.** * * *

"If reckless discontent and a wild experiment should sweep ou currency from its safe support [**should change the gold standard and re sult in rising prices**] THE MOST DEFENSELESS OF ALL who suffer in tha time of distress and national discredit WILL BE THE POOR as they reckon the loss in their scanty support AND THE LABORER AND THE WORKINGMAN as he sees the money he has received for his toil shrink and shrivel in his hand when he tenders it for the necessaries to supply his humble home. [Compare page 82 above.]

"Disguise it as we may, the line of battle is drawn between the forces of safe currency [the gold standard with its falling prices] and those of silver monometallism [bimetallism and stable prices]. I will not believe that if our people are afforded an intelligent opportunity for sober second thought they will sanction schemes that, however cloaked, **mean disaster** [?] and confusion, nor that they will consent by under mining the foundation of a safe currency [the existing gold standard and the issuance of the paper money by the banks] to endanger the benefi cent character and purposes of their government." "What is now needed more than anything else is a plain and simple presentation of the argument in favor of sound money." "If the sound money sentiment abroad in the land is to save us from mischief and disaster it must be crystallized and combined and made immediately active."

In response to this call, Professors Laughlin, Miller and others launched forth to the voters of the United States arguments *similar to* those of the so-called Democratic President which we have just set forth.

John Sherman's Position.

In a book just published, John Sherman of Ohio, says: "In *review*ing at this distance of time [1895] the legislation of 1873 in respect to coinage of silver, I am of the opinion that **it was fortunate that the**

ited States dropped the coinage of the old silver dollar." The son assigned is this: "No one then contemplated the enormous ld of silver from the mines and the resulting fall in the market value of ver. * * * **Silver is reduced in market value nearly one-half."** [1]

Here he seeks to hoodwink the people by saying that it is the market ue of *silver* that has gone down, when the fact is, as you now well ow, that *it is gold that has gone up in value about 100 per cent;* in other rds, the gold prices of commodities have fallen nearly 50 per cent. 'age 30, above.)

Remember who it is that says: "It is fortunate that the United ates dropped the coinage of the old silver dollar:" He was elected to ngress in 1854, in 1860 was Chairman of the House Committee of ays and Means, was elected U. S. Senator in 1861, became Chairman of e Senate Committee on Finance in 1867, **and while holding that posi-n visited Europe and later secured the surreptitious repeal of our netallic law, became Secretary of the Treasury in 1876, and in the nate since that time has been a leader in Financial Legislation.** a two-volume work just published, reviewing among other things the ıancial legislation in the United States since 1860, this leader in finan-al legislation nowhere advocates a stable measure of value, and we find ıat the measure has doubled in size in 23 years. **Friends, isn't it me for you to wring from those in power another Charter of Rights?** emember that since Magna Charta was wrung from an oppressor on ıe bloody field of Runnymede, usurpations necessitated the Petition of ights and the Bill of Rights! **Shall we wring from our oppressors he power whereby they maintain Falling Prices?**

McKinley's Position.

William McKinley, of Ohio, in a speech on the floor of the House of epresentatives, June 29, 1890, said that **the existing standard of value ad been continued since 1873 "only because of the safe and conserv-tive [?] financial policy of the Republican party, aided by the con-ervative [?] men of both parties.** * * * They [the bimetallists] ılk about silver being cheap money [that it will raise the prices of com-ıodities]. And gentlemen no longer conceal on that side [Democratic ide] and on this [Republican side] that the reason they want silver is ecause it is cheap [will produce rising and then stable prices for com-ıodities]. **I am not attracted by the word 'cheap,' whether applied** o nations or to men, or whether it is applied **to money."** [2]

[1] Recollections of John Sherman, pp. 469, 470.

[2] Congressional Record of June 25, 1890; reprinted in "Speeches and Addresses of William McKinley," p. 455.

Mr. McKinley in his speech February 12, 1896, said: "The Rep lican party would as soon think of lowering the flag of our country a **contemplate with patience any attempt to degrade** or corrupt **medium of exchange [i. e., raise the general price of commoditie** and the platform upon which he was invited to stand says: "The publican party [of 1896] is **unreservedly for sound money** * * **We are unalterably opposed to every measure calculated to del our currency [raise the general prices of commodities].**" After Convention had made this declaration, John Sherman wrote Major Kinley: "I shall gladly do all I can to secure your triumphant e tion."[1] And Tom Platt, of New York city, said: "Our friends satisfied with the results of their efforts in compelling the adoption gold standard platform.[2] Senator Lodge, of Massachusetts, s "The victory won by the Eastern States in forcing the word gold the platform is one that every business man and financier in the Un States will appreciate [?] fully."[3] Boss Quay said: "Pennsylvania fought hard for a gold standard. * * * We are satisfied with plank."[4] Henry Hentz of the New York Chamber of Commerce So Money Committee thus endorses the gold standard declaration: "I not know of any Democrats who will not vote for the Republican can date, notwithstanding the fact that they do not like the McKinley ta provided the Democratic convention declares in favor of free coin or straddles the question.[5] Mr. Hobart, Vice-Presidential nomin said: "*The masses do not understand the money question*, **and I beli the main thing discussed will be the tariff.**"[6] Here it appears t **the scheme is to talk to the people about the tariff and keep th in ignorance as to the effect of falls in general prices.**

Blaine Republicanism.

Compare the foregoing with Blaine's position:

"I believe the struggle now going on in this country and in oth countries for a single gold standard would, if successful, produce d aster in and throughout the commercial world. The destruction of sil as money and the establishment of gold as the sole unit of value **mu have a ruinous effect on all forms of property except those inves ments which yield a fixed return in money. These would be enc mously enhanced in value and would gain a** DISPROPORTIONATE A

[1] Chicago Times-Herald, June 22, '96.
[2] Chicago Record, June 19, '96.
[3] St. Louis Post-Dispatch, June 18, 1896.
[4] Same citation.
[5] Chicago Times-Herald, June 1896.
[6] The Chicago Inter-Ocean, June 1896.

THEREFORE UNFAIR ADVANTAGE OVER EVERY OTHER SPECIES OF PROPERTY. If, as the most reliable statistics affirm, **there are nearly seven thousand millions of coin or bullion in the world not very unequally divided between gold and silver,** IT IS IMPOSSIBLE TO STRIKE SILVER OUT OF EXISTENCE AS MONEY WITHOUT RESULTS WHICH WILL PROVE DISTRESSING TO MILLIONS AND UTTERLY DISASTROUS TO TENS OF THOUSANDS. Alexander Hamilton, in his able and invaluable report in 1791 on the establishment of a mint, declared that to 'annul the use of either gold or silver as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full circulation [rising and stable prices] with the evils of a scanty circulation [falling prices].' I take no risk in saying that **the benefits of a full circulation and the evils of a scanty circulation are both immeasurably greater to-day than they were when Mr. Hamilton uttered these weighty words,** always provided that the circulation is one of actual money and not of depreciated 'promises to pay.'"

This was said in a speech in the Senate February 7, 1878, advocating the free coinage of silver by the United States without waiting for other countries. The ratio in his bill was about 16½ to 1. His position on the money question resulted in Wall Street's defeating his nomination in 1880, and in 1884 when they could not defeat his nomination they bolted the party and cast their money and their votes for Cleveland and elected him. **To-day (1896) the Wall Street Democrats say that they will vote for McKinley and the gold standard, rather than vote the Democratic ticket and free coinage of silver (rising prices for commodities). The day that McKinley was nominated Congressman Hepburn of Iowa said: "He has all the excellencies that the people loved in Blaine and none of the blemishes."** [1]

We have compared Blaine's Republicanism with that of the Republican declarations of to-day and have found that **on the money question McKinley and the Republican platform of 1896 are of the same faith as Grover Cleveland—the man who defeated James G. Blaine in 1884.** Now let us compare

Lincoln Republicanism:

"Honest Abe" in a message to Congress in 1862 said that "Fluctuations in the value of currency [fluctuations in general prices of commodities] are always injurious, *and to reduce these fluctuations to the lowest possible point* **will always be a leading purpose in wise legislation,"** and in a speech December 20th, 1839, he said:

[1] Chicago Record, June 19, '96.

"When one hundred millions, or more, of the circulation we no have shall be withdrawn, **who can contemplate without terror the di tress, ruin, bankruptcy and beggary that must follow.** The m who has purchased an article—say a horse—on credit, at one hundr dollars, when there are two hundred millions circulating in the countr if the quantity be reduced to one hundred millions by the arrival of pa day, will [other conditions remaining the same] find the horse *but su cient to pay half the debt;* and the other half must either be paid out of h other means, and thereby become a clear loss to him, or go unpaid, a thereby become a clear loss to his creditor. What I have here said of single case of the purchase of a horse will hold good **in every case debt existing at the time a reduction in the quantity of money o curs,** by whomsoever and for whatsoever it may have been contracted. may be said that what the debtor loses the creditor gains by this oper tion; but on examination this will be found true only to a very limit extent. It is more generally true that all lose by it—the creditor l losing more of his debts than he gains by the increased value of tho he collects; the debtor by either parting with more of his property to p his debts than he received in contracting them, or by entirely breaki up his business, and thereby being thrown upon the world in idlene

"The general distress thus created will, to be sure, be tempora because whatever change may occur in the quantity of money in a community, time will adjust the derangement produced; but while th adjustment is progressing **all suffer more or less, and very many le everything that renders life desirable."**

Think of breathing Lincoln's name to inspire votes for the contin ance of the falling prices of the gold standard! And yet it is being don At the Convention in St. Louis which declared for the Gold Standa with its falling prices, there was presented to the chairman a gav "made of wood taken from the log cabin built by Abraham Lincoln New Salem, Illinois, in 1832." But in 1839 Honest Abe declar against falling prices as above set forth and finished his speech replying to a statement that those who were advocating the falli prices would surely succeed and that it was useless to oppose the He said: "Address that argument to cowards and knaves; with the fr and the brave it will effect nothing. It may be true; if it must, let Many free countries have lost their liberty, and ours may lose hers; b if she shall, be it

My Proudest Plume,

not that I was the *last* to desert, but that I *never* deserted her. I kno that the great volcano at Washington, aroused and directed by the ev

spirit that reigns there, is belching forth the lava of political corruption in a current broad and deep, which is sweeping with frightful velocity over the whole length and breadth of the land, bidding fair to leave unscathed no green spot or living thing, while on its bosom are riding, like demons on the waves of hell, the imps of that evil spirit, and fiendishly taunting all those who dare to resist its destroying course with the hopelessness of their effort; and, knowing this, I cannot but deny that all may be swept away. Broken by it I, too, may be; bow to it I never will. The probability that we may fall in the struggle ought not to deter us from the support of a cause we believe to be just; it shall not deter me. If ever I feel the soul within me elevate and expand to those dimensions not wholly unworthy of its almighty Architect, it is when I contemplate the cause of my country, deserted by all the world beside, and I, standing up boldly and alone and hurling defiance at her victorious oppressors. Here, without contemplating consequences, before high heaven and in the face of the world, I swear eternal fidelity to the just cause, as I deem it, of the land of my life, my liberty and my love. And who that thinks with me will not fearlessly adopt the oath that I take? Let none falter who thinks he is right and we may succeed. But if, after all, we shall fail, be it so. We still shall have the proud consolation of saying to our consciences and to the departed shade of our country's freedom that the cause approved of our judgment and adored our hearts, in disaster, in chains, in torture, in death, we never faltered in defending."

Lincoln-Blaine Republicanism Up-to-Date.

Senator Teller walked out of the Gold Standard Convention June 18, '96, but before doing so made a speech in which he referred to the gold standard plank and said: "It is a solemn declaration that **the Republican party intends to maintain low prices and stagnated business.** THE REPUBLICAN PARTY HAS NEVER BEEN THE PARTY OF A SINGLE STANDARD. [applause.] It was a bimetallic party in its origin, in all its history. In 1888 it declared for bimetallism, in 1892 it declared for bimetallism, in 1896 it declared for the single gold standard. * * * **You to-day reverse the tradition of our country and declare for the single gold standard.** * * * I believe that the adoption of the gold resolution will produce hardships; it will increase the distress, and that no legislation touching the tariff can remove the difficulties that now all admit prevail in this land. I believe that the whole welfare of my race is dependent upon a rightful solution of this question; that the morality, the civilization, nay, the very religion of my country is at stake in this contest.

"I know you know that men in distress are neither patriotic nor h
You and I know that hunger and distress will destroy patriotism and
of country. To have love of country, patriotic fervor and indepen
you must have your citizens comfortably fed and comfortably clo
That is what made me a Republican; that is what has made me a R
lican during all these years, because **I believed that the Republican**
was made for the masses of men; that its legislation was intend
lift up and elevate and hold up and sustain the distressed and
every citizen opportunities before the law. [Applause.]

"I do not believe that it can be had with the gold standard.
may doubt my argument, and many of you will, but shall I doub
I must act upon my judgment and not upon yours. I
answer to my conscience and not to my neighbor's. I must do my
as it is presented to me and not as presented to you. I say to you
that, with the solemn conviction upon me that this gold plank
ultimate disaster and distress to my followers, I cannot subscribe
and, if adopted, I must, as an honest man, sever my connection wit
political organization which makes this one of the main articles
principles. [Applause.] * * * **I cannot, before my country an**
God, agree to that provision that shall put upon this country
standard, and I will not. [Great applause.]

"And I do not care what may be the result. If it takes me
political life, I will go out with a feeling that at least I maintai
consistency and my manhood, and that my conscience is clear, an
my country will have no right to find fault with me. [Cheers.]

"I beg your pardon for saying things so personal, but yet, if
sonal act that to some implies perfidy and dishonor is about to be
I think it but just to myself and my associates that I should pro
to you that we take this step not in anger, not in pique, not becau
dislike the nominee, prospectively or otherwise, but because our
sciences require, as honest men, that we should make this sacrific
sacrifice we feel that it is.

"Thanking you, gentlemen, for your kind attention, retiring fro
as I do, perhaps never again to have an opportunity of addressing
publican convention, I cannot do it without saying that, after all, I
in my heart a hope—nay, I have an expectation—that if you shou
foolish enough to adopt this platform and force us to this, better co
will prevail, and ultimately on a true Republican platform, sustainin
publican principles, I shall have the inestimable privilege of
addressing you."

The rock-ribbed Republican paper, the Detroit Tribune, cam
the day after the gold plank was adopted at St. Louis and said:

"We protest against the single gold standard embodied in the tform as being IN FLAGRANT VIOLATION OF THE PRIN-PLES AND TRADITIONS OF THE REPUBLICAN PARTY, being a repudiation of the pledges contained in the last National publican Platform which declared that the Republican Party, from dition and interest, was in favor of gold and silver as the standard ney of this country.

"It is sickening to read the comments of the cuckoo press on THE . LOUIS TREASON. THE DISGRACE OF THE SALE OF IE PARTY TO THE FOREIGN MONEY POWER IS HAILED A GLORIOUS VICTORY. With this school, sneers take the ce of argument, and high-sounding but meaningless phrases are their ck principles. The fact is THEY ALL WEAR THE COLLAR D CHAIN OF THE ENGLISH MONEY LENDERS AND IEY GLORY IN THEIR SHAME." (See pages 118, 119, 120, 121).

(c) THE PRESS OWNED AND CONTROLLED BY THE MONEYED INTERESTS.

The sophistries which the leading gold standard advocates have t forth to the voters of the United States have been widely circulated rough the press owned and controlled by the moneyed interests.

Besides this it has been filled with editorials such as were thought ould most readily deceive the wage-earners and employers. The fol-wing are samples of the way those benefited by falls in general prices ve attempted to miseducate the voters:

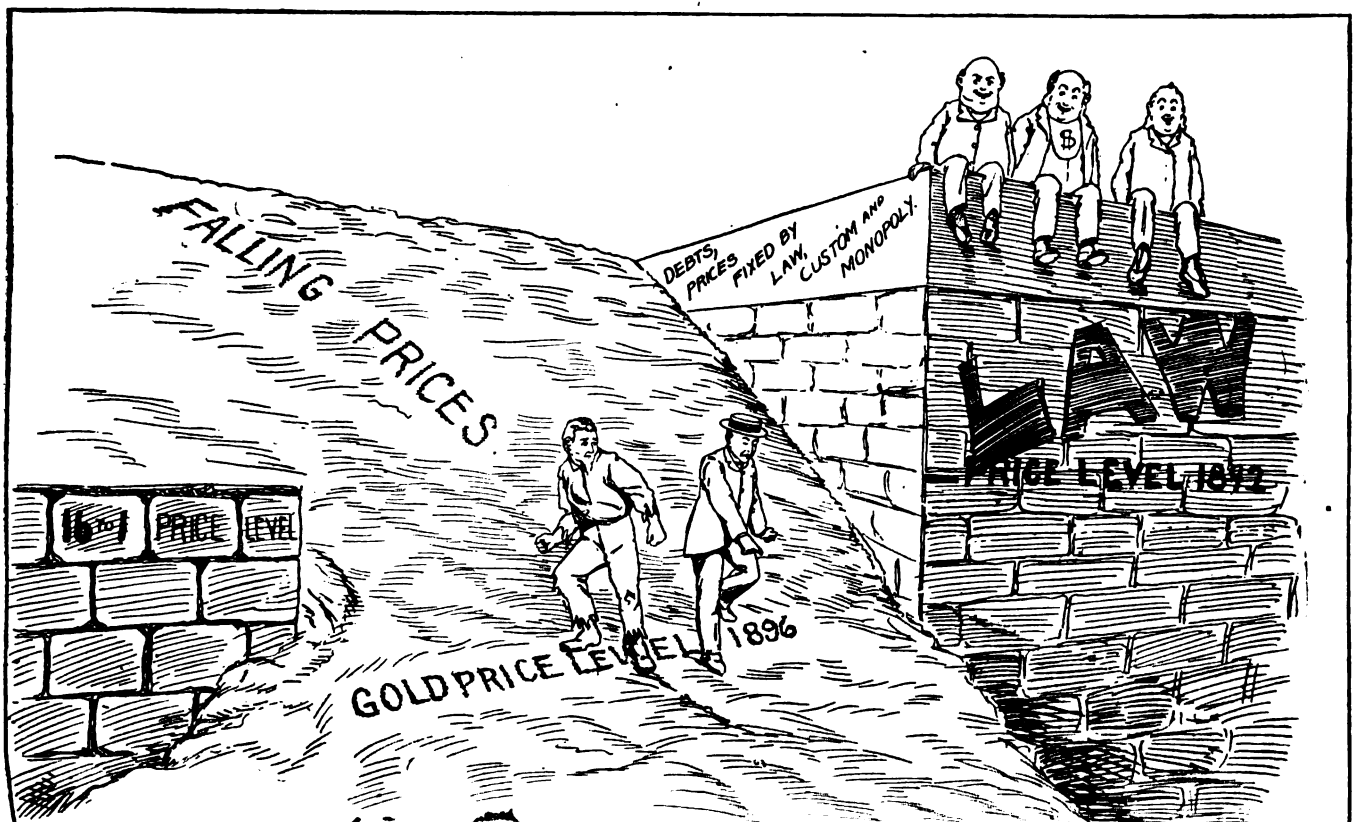
During the Spring of 1895 President Cleveland came out in his letter the public in which he said that "if the sound money sentiment abroad the land is to save us from mischief and disaster it must be crystallized d combined and made immediately active. * * * What is now eded more than anything else is a plain and simple [?] presentation of e argument in favor of sound money [i. e. the existing gold standard d the issuance of the paper money by the banks]." Shortly afterward e Times-Herald of Chicago published, editorially, **articles on the oney Question signed "J. Laurence Laughlin,** PROFESSOR OF POLITICAL ONOMY UNIVERSITY OF CHICAGO."

In these articles fallacies similar to the ones above set forth were ven to the voters. **These were copied extensively by the gold standard ess throughout the country.**

The following is a sample of **the treatment of the effect of falling ices which the Chicago Tribune has given to its readers:**

June 5, 1895, at the Democratic State Convention called to ascertain

EFFECT OF THE REPUBLICAN PLATFORM OF 1896.



Harper's Weekly of New York City.

Commenting upon the Republican Platform, says: "There is no ambiguity about the money plank of the present platform. **The declaration in favor of the maintenance of the gold standard is explicit. It is that,** UNTIL THE IMPOSSIBLE HAPPENS, **"the existing gold standard must be preserved."**

"The money question [the question of General Prices] has, in spite of all the efforts to repress it made by practical politicians, so irresistibly forced itself into the foreground that, **if there is any difference concerning it between the two great political parties, that difference will, in the impending campaign, inevitably** SWALLOW UP EVERY OTHER CONSIDERATION. * * * The truth is, the money question wholly overshadows all the other issues. * * * The tariff plank comes nearer to expressing Republican sentiment than any of the other planks with which the money plank is associated. Every economic statement in this plank is economically false; every historical statement is historically untrue; every statement about the present tariff is a partisan misrepresentation. But we may console ourselves with the reflection that, **with the Senate composed as it is, and as it is likely to continue to be for some years to come,** THE REPUBLICANS WILL PROBABLY NOT BE ABLE TO ENACT A TARIFF LAW. Besides, if they do, they will not be likely to return to the extravagant law of 1890, under which the public revenues decreased about $90,000,000; while even if the worst should happen, no such harm would come to the [moneyed interests of the] country as would certainly follow the triumph of those who are clamoring for a debased currency [a rise in the general prices of commodities]."

Present Tariff a Protective One.

Senator Teller in a speech at Denver, said: "If somebody tells you that it is a tariff that you want, let me tell you that **you have a bigger tariff now than you had under the Republican tariff of 1883. it is a protective tariff, too** [and the increase in the exchange value of money has **greatly raised it over what the 1883 tariff was.**]

Free Trade England.

The St. James Gazette says: "If Mr. McKinley is elected President **the United States will continue to pay its obligations in honest money [i. e., gold standard of falling prices], a result on which, on the whole,** ENGLISHMEN MAY CONGRATULATE THEIR KINSFOLK."—(Chicago Tribune, June 20, '96.)

The London Times says: "With the large pecuniary and commercial interests which British capital and British trade possess in the United States, **we have only to congratulate ourselves** as well as our kinsmen across the ocean **upon the result of the financial plank, so far as it goes.**"—(Chicago Tribune, June 20, '96.)

The London Globe remarks that **"the outside world would prefer the installation of a government pledged to both a gold standard and a moderate tariff."**—(Chicago Tribune, June 20, '96.)

The Westminster Gazette says: "For **at the fact that the Republicans are against tampering with the currency.** [i. e., against stopping the falls in general prices]."—(Chicago Tribune, June 20, '96.)

The "Thunderer" said of the Democratic declaration for 16 to 1 (Rising Prices for commodities—the cheapening of money and credits): **"From the European point of view the whole situation is deplorable."**

Free Trade Democrats.

Washington Hessing in an interview said: "The coinage question will be the paramount issue of this campaign, and **as the Republican ticket stands for sound money** [gold standard and the retirement of the greenbacks, treasury notes and silver money]. **I am prepared this time to swallow Republicanism, McKinleyism, high protection and all."**—(Chicago Evening Journal, July 13, '96.)

Germany.

Press Dispatch from Berlin: "The Liberal and single-standard [gold standard] newspapers express themselves as **satisfied with McKinley's sound-money** [gold standard of prices] **declaration** embodied in the platform adopted by the Republican National Convention in St. Louis. The Vossische Zeitung, *despite its fears that there may be further high protection legislation in the United States,* **hails the nomination of McKinley as** A WELCOME DELIVERANCE *from many worse things which could have happened* [i. e., Rising prices for commodities]."—(Public Opinion, July 9, 1896.) Continued p. 121, 2d col.

PRICE LEVEL 1892
FALLING PRICES
16 to 1
PRICE LEVEL
GOLD
PRICE LEVEL 1896
DEBTS.
PRICES FIXED BY
LAW.
CUSTOM WILL
MONOPOLY

Price Countries have been, and now are, receiving **a Bounty on Exports and that their Manufactories have been Stimulated.** These vitally important facts

Are Not Mentioned

In the Platform of those who advocate a continuance of the gold standard of prices. (Page 147, above.)

Why Is This So?

Because they wish to Continue the gold standard of *falling prices.* **They are the Beneficiaries of falls in general prices.** Now,

What Are Your Interests?

Are they "Moneyed Interests" or the exact opposite, namely, "Interests Other-Than-Moneyed?"

All producers—the Useful Class of citizens—are vitally interested in Stability in General Prices and in Reuniting the World commercially, except those whose produce has the price fixed by law, monopoly or custom. You must keep your mind alert, for the Beneficiaries of falls in general prices are

Doing Their Best to Deceive You.

The only way they can *continue to benefit* **themselves** through falls in general prices is to GET YOU TO VOTE TO CONTINUE GOLD PRICES. Consequently,

Mexican Dollars,

but forgetting (?) to mention the fact that in case we enter upon the unrestricted coinage of silver at 16 to 1 **the exchange value of silver will rise very rapidly.** (Page 454, 458, below.) Nor do they state that, with rising prices for Commodities, **those out of employment receive employment** (page 81, above) **and that the real wage increases.** (Page 82, above.)

The gold dollar (and what is practically the same, the silver dollar kept at a "parity" with gold money through limiting the quantity of such silver dollars) is a tremendously dishonest dollar, for **its purchasing power has nearly doubled in 22 years;** that is to say, gold prices "taken as a whole" have been falling, falling, falling. On the other hand the *bullion* in a United States dollar or in a Mexican dollar **has practically the same purchasing power that it had in 1873;** (page 131.) In money, STABILITY IN PURCHASING POWER IS THE TEST OF HONESTY. (Pages 17, 44, above.)

(Continued from page 119.)

What the Great Creditors Are Doing.

July 23 **the Great Bankers of Europe and the United States** held a meeting in the office of J. Pierrepont Morgan, New York, **and formed a Syndicate to control**

TIL AFTER THE ELECTION IS PAST. **They also turned $20,000,000 of gold into the United States Treasury so as to stave off the next bond issue** UNTIL AFTER ELECTION. And a market report of that day, in advising clients to buy stocks, said: "In addition to all this, **capitalists have in the last few days put at the disposal of the Republican party** AN UNLIMITED SUPPLY OF MONEY."

The "Bolting" United States Senators

Say: "This is a critical period in our national history. Our industrial and financial independence of other nations and peoples is involved in this campaign and we firmly believe **there will be no return of prosperity until we shall have changed our financial system so as to restore the** [more stable] **bimetallic system** [of prices] established by our fathers of the republic, and so believing, we urge all friends of gold and silver as standard money and the opponents of a single gold standard to give to Mr. Bryan and Mr. Sewall their hearty support. In advising this course **we do not consider it necessary that they shall abandon or surrender their political views on** OTHER QUESTIONS." (SEE ALSO MR. BRYAN'S LETTER OF ACCEPTANCE.)

the sentiments of the majority of the Democrats in Illinois, Judge Connell of Chicago was chosen chairman. In his address to the vention he spoke of "the discovery by the people that our mone system had been changed in 1873," and that "the value of gold a beginning of this year as measured in commodities had increased per cent over the period between 1867 and 1877." Of these Fa Prices he said: **"They affect all business operations, bringing on a of progressive paralysis."** "We are not crippling ourselves whe remonetize silver. We are arresting the evils produced by a sc supply of the medium of exchange. **We are checking the down tendency of prices;** we are [thereby] giving enterprise encourage youth a chance and the debtor hope." The next morning the Chi Tribune in an editorial remarked: "Mr. McConnell said, 'We shall no position we are ashamed of.'" "Why," it continued, "should not be ashamed of interfering with the established money system great nation, undertaking to debase its currency unit by one-half changing to that important extent the value of our money as a chasing agent? Is it possible he believes that such a course will examination or can be successfully defended on honest grou **The Tribune has looked IN VAIN through the rest of his speech to any justification of the demanded change from the established st gold standard of full value money to that of half value offered fluctuating silver standard. The Tribune has looked IN VAIN in speech for any good reasons to think such change would benefit American people or promote business or improve the condition of industrial masses in any respect."**

February 14, 1896, the bill for the free coinage of silver and at 16 to 1 which had passed the Senate a few days before was up final action in the House. Hon. Charles F. Crisp, the Speaker of House in the preceding Congress, was selected by the bimetallis make the closing argument. Among other things he said:

"Bear in mind, Mr. Speaker, it is not so much a low price of w the world complains as **it is the constant falling of prices.** prices were somewhat stationary, though low, business might conti But where they are steadily falling, where the farmer plants his cro the basis of the then existing price and must sell it at a lower, wh the manufacturer makes his product on the basis of existing price must sell it at a lower, where the merchant buying goods for sale to customers must part with them at a lower price or without pr THERE CAN BE NO PROSPERITY."

The Chicago Tribune of February 20, '96, in an editorial hea "The Silver Debate in the House," said: "The only plausible sp

on the 16 to 1 side was made by ex-Speaker Crisp. But when boiled down and analyzed what did it amount to? What valid, sensible or sound reason did he or any other of the twenty or thirty free silverites who spoke on that side give for demanding the abandonment of the gold standard 100-cent dollar and the substitution of silver monometallism and a 50-cent dollar? **None. Absolutely none.**"

RESUMÉ.

Fellow citizens, it must be apparent to you now that those who secured the legislation which has resulted in falling prices have thus far prevented its repeal through deceiving you by means of false teachings in universities and colleges.[1] **If the economic departments of our universities had taught their pupils the truth and the writings of the economic professors had truthfully referred to the facts of history** IT WOULD HAVE BEEN IMPOSSIBLE FOR THE MONEYED INTERESTS TO HAVE KEPT THE VOTERS FROM REPEALING THE LAW WHICH PRODUCES THE FALLING PRICES. Truthful showings of the facts of history must be secured in the economic and political departments of our universities. **First, however, we must win this campaign, and to do so we must** WORK, WORK, WORK! **It is a campaign of education and** YOU MUST HELP IN WHATEVER WAY WILL SECURE THE BEST RESULTS. If you are a speaker, then speak; if you are a writer, write; but the principal thing to do is to furnish the capital whereby the best expositions of our case may be placed in the hands of your fellow voters.

We have a powerful foe opposing us; they have untold wealth; they are combined and so act as a unit; their leaders have no scruples and if all subterfuges fail they will throw the country into another financial panic and so attempt to head off a repeal of their gold standard law, **unless it becomes apparent that the people are so well informed upon this financial question that it will be folly for them to enter upon a "panic" campaign.** It is manifest then, that if we win you must throw your whole heart and soul into this great work. In the words of the immortal Lincoln, delivered at the dedication of the Gettysburg national

[1] It is not alone the Universities of Chicago, Harvard and Columbia which have been guilty, since 1873, of deceiving the people as to the effect of the bimetallic laws; some of the others will be referred to later on. False teachings in universities concerning money and its functions **date from the time that paper money came into use and was advocated by some as a medium of exchange to be used in times of peace.** We shall later on refer to some of the fallacies which the universities have put forward as the truth for hundreds of years.

cemetery: **"It is for us, the living, to be dedicated * * * th nation, under God, shall have a new birth of freedom, and that ernment of the people by the people and for the people shall no ish from the earth."**

Besides the Falling Prices of the gold standard there are two principal reasons why we should return to the bimetallic standard. we will present to you.

B. *DESTRUCTION OF THE BIMETALLIC STANDARD—TH DIVISION OF THE WORLD COMMERCIALLY.*

I. In General.

Previous to 1873 the laws of several countries were such that monetary demand for silver and gold was at a fixed ratio. In the U States it was 16 to 1 and in France 15½ to 1. The result was th the markets the price of gold and silver **remained constant at the mint ratios, although the production fluctnated very gr**

Year.	French Mint Ratio.	U. S. Mint Ratio.	Mkt. Ratio of Silver to Gold.		Product Silver
1790	15½ to 1	15 to 1	15.04 to 1	1790	
1791	"	"	15.05 "		
1792	"	"	15.17 "		
1793	"	"	15.00 "		
1794	"	"	15.37 "		
1795	"	"	15.55 "		3.2
1796	"	"	15.65 "		
1797	"	"	15.41 "		
1798	"	"	15.59 "		
1799	"	"	15.74 "		
1800	"	"	15.68 "	1800	
1801	"	"	15.46 "	1801	
1802	"	"	15.26 "		
1803	15.69 to 1	"	15.41 "		
1804	"	"	15.41 "		
1805	"	"	15.79 "		3.2
1806	"	"	15.52 "		
1807	"	"	15.43 "		
1808	"	"	16.08 "		
1809	"	"	15.96 "		
1810	"	"	15.77 "	1810	
1811	"	"	15.53 "	1811	
1812	"	"	16.11 "		
1813	"	"	16.25 "		
1814	"	"	15.04 "		
1815	"	"	15.26 "		3
1816	"	"	15.28 "		
1817	"	"	15.11 "		
1818	"	"	15.35 "		
1819	"	"	15.33 "		
1820	"	"	15.62 "	1820	

	French Mint Ratio.	U. S. Mint Ratio.	Mkt. Ratio of Silver to Gold.		Production of Silver to Gold.
1821	15.69 to 1	15 to 1	15.95 "	1821	
1822	"	"	15.80 "		
1823	"	"	15.84 "		
1824	"	"	15.82 "		
1825	"	"	15.70 "		
1826	"	"	15.76 "		2.58 to 1
1827	"	"	15.74 "		
1828	"	"	15.78 "		
1829	"	"	15.78 "		
1830	"	"	15.82 "	1830	
1831	"	"	15.72 "	1831	
1832	"	"	15.73 "		
1833	"	"	15.93 "		
1834	"	16 to 1	15.73 "		
1835	"	"	15.80 "		
1836	15.626 to 1	"	15.72 "		1.89 to 1
1837	"	"	15.83 "		
1838	"	"	15.85 "		
1839	"	"	15.62 "		
1840	"	"	15.62 "	1840	
1841	"	"	15.70 "	1841	
1842	"	"	15.87 "		
1843	"	"	15.93 "		
1844	"	"	15.85 "		
1845	"	"	15.92 "		
1846	"	"	15.91 "		1. to 1.1
1847	"	"	15.82 "		
1848	"	"	15.87 "		
1849	"	"	15.81 "		
1850	15.586 to 1	"	15.72 "	1850	
1851	"	"	15.46 "	1851	
1852	"	"	15.58 "		
1853	"	"	15.33 "		1. to 3.46
1854	15.583 to 1	"	15.33 "		
1855	"	"	15.36 "	1855	
1856	"	"	15.34 "	1856	
1857	"	"	15.27 "		
1858	"	"	15.36 "		1. to 3.4
1859	"	"	15.21 "		
1860	"	"	15.30 "	1860	
1861	"	"	15.48 "	1861	
1862	"	"	15.36 "		
1863	"	"	15.38 "		1. to 2.58
1864	"	"	15.39 "		
1865	"	"	15.43 "	1865	
1866	"	"	15.44 "	1866	
1867	"	"	15.57 "		
1868	"	"	15.61 "		1 to 2.26
1869	"	"	15.60 "		
1870	"	"	15.60 "	1870	
1871	"	"	15.58 "	1871	
1872	"	"	15.64 "		
1873	"	"	15.93 "		1. to 1.45
1874	"	"	16.16 "		
1875	"	"	16.63 "	1875	
1876	"	"	17.80 "	1876	
1877	"	"	17.19 "		1. to 1.34
1878	"	"	17.96 "	1880	

	French Mint Ratio.	U. S. Mint Ratio.	Mkt. Ratio of Silver to Gold.			Production of Silver to Gold.
1879	15.583 to 1	15 to 1	18.39	"		
1880	"	"	18.06	"		
1881	"	"	18.24	"	1881	
1882	"	"	18.27	"		
1883	"	"	18.65	"		1.02 to 1
1884	"	"	18.63	"		
1885	"	"	19.39	"	1885	
1886	"	"	20.78	"	1886	
1887	"	"	21.11	"		
1888	"	"	21.99	"		1.08 to 1
1889	"	"	22.10	"		
1890	"	"	19.77	"	1890	
1891	"	"	20.92	"	1891	
1892	"	"	23.68	"		
1893	"	"	26.70	"		1. to 1.15
1894	"	"	32.58	"	1894	

Bimetallic Laws Repealed.

For the above Facts in Diagram see Chart.

This practically constant ratio of the two metals made them, for **monetary purposes throughout the world** PRACTICALLY ONE MEASURE OR STANDARD OF GENERAL PRICES—a bimetallic measure of general prices.[1] **Now the repeal of the laws which kept this practically constant ratio** LEFT GOLD AND SILVER FREE TO FLUCTUATE AS TO EACH OTHER.[2]

The effect of the increased fluctuations in the ratio between silver bullion and gold bullion has been as follows:

2. *Effect of the Increased Fluctuations in the Market Ratio of Silver and Gold Bullion.*

a. GENERAL STATEMENT.

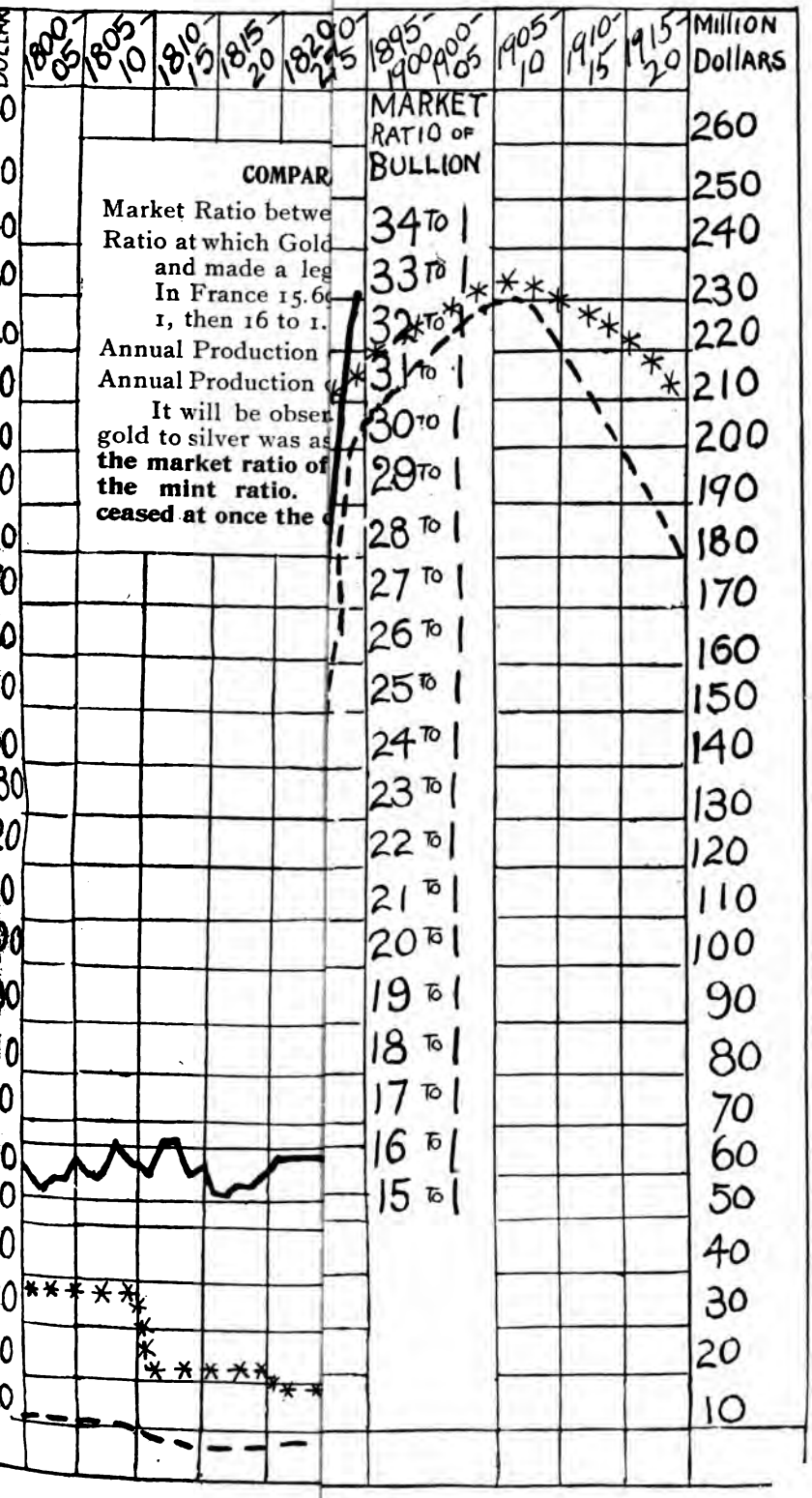
When there were practically no fluctuations in the market ratio

[1] The Market Ratios are from Laughlin's Facts About Money, p. 274, and he gives the following references: 1790-1832 from Soetbeer; 1833-1845, Pixley and Abell; 1845-1880, Dr. O. J. Broch; 1881-Sept., 1886, Appendix to Final Report of Royal Gold and Silver Commission, p. 160; 1886-1894, computed by Professor Laughlin from quotations in Pixley's and Abell's tables. The production of Silver to Gold is from Soetbeer.

Of the facts set forth in the above table the British Gold and silver Commission said: "So long as the bimetallic laws of the Latin Union were in force, we think that, notwithstanding the changes in the production and use of the precious metals, **it kept the market price of silver approximately steady at the ratio fixed by law between them, namely, 15½ to 1.**"

In the words of the British Gold and Silver Commission, the approximately steady ratio between silver and gold of 15½ to 1 made "gold and silver *for purposes of exchange* [between countries] **one metal.**" (Final Report, Part 1, ¶192; part 2, ¶64.)

[2] In the words of the British Gold and Silver Commission: "The action of the Latin Union in 1873 [the law closing the mint to unlimited coinage of silver] **broke the link between silver and gold** which had kept the *price* of the former, as measured by the latter, constant at about the legal ratio; and when this link was broken the silver market [in gold-using England] was open to the influence of all the factors which go to affect the price of a commodity."


1800-05
1805-10
1810-15
1815-20
1820-25
1895-1900
1900-05
1905-10
1910-15
1915-20
MILLION DOLLARS
MARKET RATIO OF BULLION
34 TO 1
33 TO 1
32 TO 1
31 TO 1
30 TO 1
29 TO 1
28 TO 1
27 TO 1
26 TO 1
25 TO 1
24 TO 1
23 TO 1
22 TO 1
21 TO 1
20 TO 1
19 TO 1
18 TO 1
17 TO 1
16 TO 1
15 TO 1
260
250
240
230
220
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
COMPAR
Market Ratio betwe
Ratio at which Gold
and made a leg
In France 15.6
1, then 16 to 1.
Annual Production
Annual Production
It will be obser
gold to silver was as
the market ratio of
the mint ratio.
ceased at once the

ver and gold bullion, the countries using gold and those using silver ıld trade with each other *just as well as though both used gold or both d silver:* For example: If between England and the United States ɔth using gold) the people in England had payments to make in the iited States, knowing that gold bullion had *a fixed price in the United ıtes,*[1] they would buy it and send it, rather than buy a draft which ıuld cost them more than the price of gold in the United States plus ɛ cost of transportation, and individuals in England having payments make in silver-using India would buy gold or silver and send it, rather ın buy a draft which would cost them more than the price of silver in dia plus the cost of transportation.

With the repeal of the laws which kept the practically constant ılo between gold and silver, the condition as to international trade ıre changed; then the fluctuations in the gold price of silver and the ver price of gold WERE NOT LIMITED BY THE COST OF TRANSPORTATION ɔM ONE COUNTRY TO THE OTHER, EACH OF THE METALS WERE ?EN TO THE INFLUENCE OF ALL THE FACTORS WHICH) TO AFFECT THE PRICE OF A COMMODITY.

The Differences between the gold price of silver Before and After ɛ repeal of the bimetallic laws *is thus illustrated:* "The average vari-ion in the gold price of silver was **not quite 5-16th of a penny in 1872,** ıile **in 1886 the average was nearly 18-16th penny."**[2]

Besides this greatly increased variation, exchange ahead has *some-ıes been impossible to obtain,* **even for China and the East,**[3] **while for**

[1] The law giving gold an unlimited ınage at a dollar for a definite number grains of gold, **gives gold bullion a ted price.**

[2] Final report of the British Gold and ılver Commission, Part 1, ¶ 190.

[3] David McLean in his evidence be-re the British Gold and Silver Com-ission, May 16, 1887, said: It hap-ıed "once last year, when the ex-ɛment was very keen about the heavy ll in silver, that banks would not sell ɛchanges on China payable at a future ıte." (¶5011.)

Mr. J. C. Fielden, a cotton manu-cturer of Manchester, England, thus scribed to the English Gold and ılver Commission the effect of the di-sion of the world into gold price ıuntries and silver price countries

"It is quite clear that the present system is like a narrow-gauge railway and a broad-gauge: Every time you come to the terminals there is a lot of expense heaped up. You now require an Exchange Banker, and we know perfectly well what that means. An exchange banker will cover your exchange when it suits his convenience and his interest, and then it is generally not our interest to be covered. When he thinks exchange is going in the right direction for him he will sell exchange. When he thinks it is going the other way he will not sell. Now I have seen in our own business—the Eastern Trading Company—*six months' profits swept away* (every order having been duly placed by telegraph with the manufacturers) *and all expenses gone as well, by the fall*

small silver-using countries it "cannot be arranged for, or at least to the very moderate extent only."[1]

We will enumerate the ill effects caused by these increased difficulties in the trade between gold-using countries and silver-using countries.

b. ENUMERATION OF ILL EFFECTS FROM INCREASED VARIATIONS IN RATIO.

The increased variations in the ratio between silver and gold have resulted in.

(1.) A greatly increased Cost of Insurance—insurance against losses from these fluctuations.[2]

in exchange in those six months **from the impossibility of covering.** (§8046.)

[1] Evidence of Mr. S. Williamson before the British Gold and Silver Commission. (§5965.)

[2] In the report of the English Gold and Silver Commission it is said:

"So far as the actual risk arising from fluctuations in the ratio between gold and silver is concerned it is said that the mechanism supplied by the Exchange Banks enables the merchant in general to insure himself against actual loss from this source.

"Before he makes his bargain in produce or simultaneously with it he can, as a rule, arrange with a bank to buy or sell the necessary remittance.

"This accommodation must, however, be paid for, and constitutes to that extent a real burden upon and hindrance to trade.

"It is said, moreover, to fall with greater severity upon small traders, who are less able to protect themselves from risk and who are more hampered by the loss when it does occur than those whose transactions are more extensive. Competition is thus limited, and the trade tends more and more to become the monopoly of the large capitalists.

"It is stated, also, that there have been times when, owing to great uncertainty, this accommodation has either been withdrawn altogether by the banks refusing to enter into future contracts on any terms, or so restricted as, in extreme case, to bring business to a standstill for the moment." (Part 1, §71.)

The Cost of Insurance.

Says Mr. Provand, a merchant connected with the trade with China and Japan and a member of Parliament, in his testimony before the English Gold and Silver Commission: **"In the trade with China** the difference between 6 and 7 per cent on the one hand and 1 per cent on the other represents the charge for insurance which the bank has made to the merchant. (§3295.)

"The trade with China and Japan is said to be even more prejudicially affected by exchange difficulties than that with India. The natural flow of trade **between Europe and India** is such as to render the above method of avoiding risk more readily available in the case of that trade than in the case of trade with other silver-using countries. The large amount of the Indian Council bills and the advantage of having this alternative mode of remittance also enable the merchant to secure better terms. But the exchange with other countries in the East is subject to somewhat greater fluctuations by reason of the less uniform currents of trade, while owing to the less severe com-

(2.) The stoppage very largely of Sales on Credit.[1]

(3.) The stoppage of exports with sales to be made After Arrival — after the arrival of the commodities at their destination.[2]

(4.) And the cessation to a considerable extent of Contracts for Future Delivery.

(5.) Where contracts for future delivery are entered into there is, besides the usual risk of loss from fluctuations in exchange, the still further increased risk of loss from Breach of Contract.[3]

The above mentioned ill effects on trade between gold-using countries and silver-using countries have resulted in

tion among themselves the dealers in exchange are able to exact higher rates; the difficulties of obtaining accommodation and the rate paid for it are consequently increased. The same remark applies to the silver-using countries of South America." (British G. & S. Com., Part 1, ¿72.)

[1] Mr. Williamson in his evidence before the English Gold and Silver Commission said: "There is an increasing tendency in the case of silver-using countries to do business on a cash basis owing to the inconvenience of having transactions open for long periods. This curtails credit and diminishes the trade of the countries concerned." (¿¿5957-60; reiterated by the Commission in its report, Part 1, ¿86.)

[2] Mr. Barclay further says these increased fluctuations in exchange have "changed the whole nature of business. * * * Formerly the man who sent the goods abroad was really a merchant; he is now a middleman and tries to keep himself in that position. Of course the heavy loss from exchange variations is now to a large extent secured by these counter-contracts in which bankers are the intermediaries; and they, as it were, combine the operations of the exporter of produce from India and the exporter of goods from England. But in spite of all this there are these difficulties that I point to" and enumerated in the foregoing text. (¿¿2283-5).

[3] The British Gold and Silver Commission in their Report say: "**Breaches of contract** by any of the parties to a transaction which would, under other circumstances, involve little or no inconvenience to those concerned become of real importance when the loss or inconvenience *is aggravated by exchange difficulties.* When the exchange is subject to fluctuation from day to day, the failure of a few hours in carrying out a bargain may, by enabling a purchaser to repudiate a contract or claim compensation for nonfulfillment, convert an anticipated gain into a loss, and a new element of speculation and uncertainty is thus introduced which is unknown in trade between countries using the same standard. *Against losses of this class no method of insurance is practicable.*" (Final Report, Part 1, ¿72.)

Breaches of Contract on the part of the manufacturer "may arise from miscalculation of time; from unexpected difficulties in the process of manufacturing new styles of goods; from strikes of various kinds; from breakdowns of machinery, and many other unavoidable causes." "An important cloth agent in Manchester" reports that "during the past five months they have allowed 565 pounds sterling" to be charged against them "for losses in exchange through a fall in the gold price of silver due on goods which were late in getting delivered." (British G. & S. Rep. ¿2264.)

c. CORRESPONDING ADVANTAGES TO THE SILVER-USING COUNTRIES (FOR EXAMPLE, MEXICO, INDIA AND JAPAN).

This advantage extends both to Home trade and in trade with O Silver-Using Countries.[1]

[1] In their report the British Gold and Silver Commission say: "Besides hampering or preventing trade between gold-using and silver-using countries the uncertainties of exchange have, it is said, tended to encourage the trade between silver-using countries themselves, to the exclusion of the gold-using countries. In a transaction between two countries using *the same metal as standard* the element of uncertainty arising from the use of two metals, with the consequent fluctuations in their relative value, is eliminated. Trade between two such countries can be carried on with less risk and less inconvenience than between two countries using different standards, as in the latter case the uncertainty enters into every transaction and adds to the expense of the machinery by which trade is carried on.

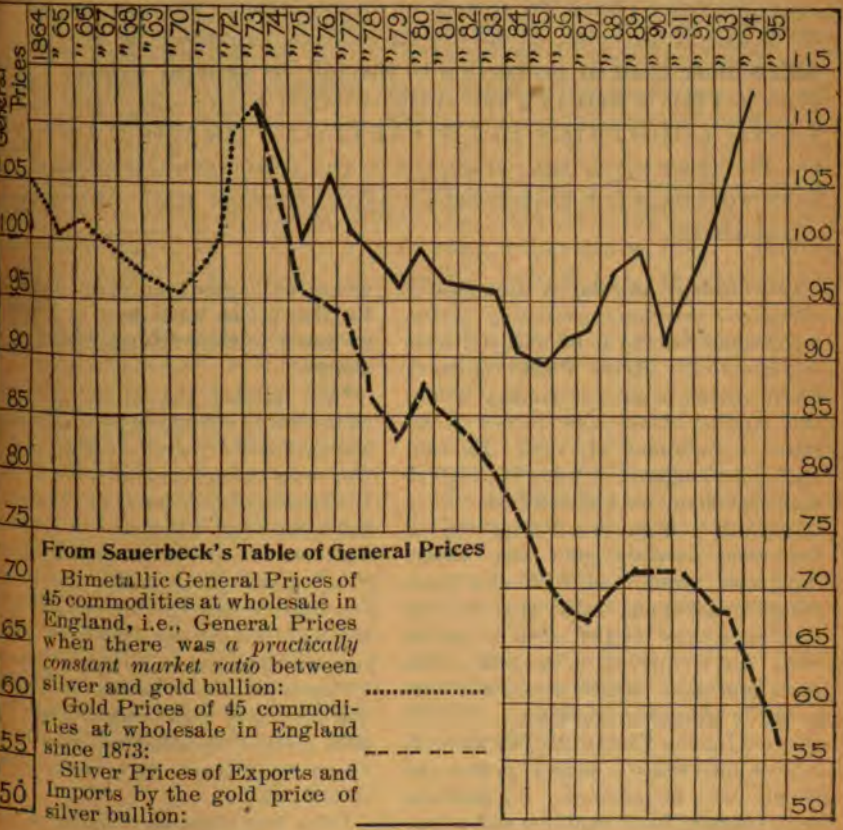
"The tendency of silver-using countries under existing conditions will consequently be to trade with other silver-using countries." (Final Report, 1, § 75.)

In the examination of Mr. Barcl Manchester exporter of cotton and cloth, Commissioner Cohen "In trade between silver-using tries (for example between India China) the Bombay manufactur freed from that element of uncert against which the English m facturer has to protect himsel recourse to the banks which in t actions carried on for a mere ma of profit is an important element. must add a material element to the of the trade from which the Bon manufacturer is free because he tr in his own metal? Answer: Th one of the strongest elements of al say also that the trade having se one direction and being upon a st basis it goes on firmly. The mere tuations from silver variations puts English manufacturer out of count large extent." (§ 2319; see also bel

We will next enumerate the ill effects suffered in the gold-using countries in their trade with silver-using countries, owing to *the fall in the general gold prices, silver prices having remained practically stationary.*

ENUMERATION OF ILL EFFECTS FROM THE RISE IN THE EXCHANGE VALUE OF GOLD, SILVER HAVING REMAINED PRACTICALLY STATIONARY.

During 1892 gold, as compared with commodities at wholesale, **had increased in exchange value 33-67 (49 per cent), while the exchange value of silver stood at the point it had averaged for the 19 years preceding 1871.**



Now during all these years, individuals in gold-using countries who have attempted to sell to those doing business in silver-using countries, have suffered in the following ways.

(1.) Each rise in the value of gold as compared with silver has checked somewhat purchases in gold-price countries; and in the end the gold prices have generally had to give way.[1] This checking of the sales of the goods manufactured in gold standard countries has resulted in the product of the silver standard countries being *purchased for the time very largely.* And when trade in manufactures *once is lost it takes a considerable inducement to bring it back.*[2]

But perhaps the greatest injury has been this:

(2.) With each increase in the exchange value of gold (each fall in the gold price of commodities) some of the expenses of the producers in the gold-using countries have *increased;* for example, the exchange value of the interest and the rent which he has agreed to pay; and the prices fixed by law; and other expenses have fallen *but little if any*; for example, prices fixed by custom or by monopoly; *whereas the prices of the things he sells have* in nearly all cases where there is competition, **fallen more than in proportion to the fall in general prices.** THUS HAVE THE PROFITS OF THE PRODUCERS IN THE GOLD-USING COUNTRIES BEEN PARTIALLY OR WHOLLY LOST.[3] On the other hand, THE PRODUCERS IN THE SILVER-USING COUNTRIES HAVE BEEN WORKING WITH STABLE PRICES AND THEREFORE HAVE NOT SUFFERED THESE LOSSES.[4]

[1] Mr. Robert Barclay, a Manchester (England) merchant, exporting cotton yarns and cloths to India and the East and also to the River Platte region in South America, gave testimony before the English Gold and Silver Commission, February 11, 1887. He said that those engaged in trade with silver standard countries had suffered "very materially" from the fluctuations in the ratio between gold and silver. "Anyone acquainted with the Manchester market can testify that *business there is always checked when a fall in silver* [as compared with gold] *takes place and that Manchester prices have generally ultimately to give way.* * * * Dealers [in the East] won't pay more in rupees until there is some sign that the supply will be affected. As markets are generally fully supplied and as our Lancashire mills cannot at once check their production, advances necessary from a fall in rupee exchange [when measured in gold] can rarely be got and **English prices have had as a rule to go down to their altered silver equivalents."**

[2] Mr. Barclay, the Manchester merchant whose testimony we have quoted above, further says: "Supposing a merchant in Japan has an order to place. He has been in the habit of buying from India and from England. A decline of 3 per cent in silver [as compared with gold] takes place. His silver price remains the same in buying from Bombay and he must pay 3 per cent more in silver in England to buy these yarns." "This turns the buyer to the Bombay market and of course when trade once goes away it is gone, unless a big inducement is given to bring it back." (§§2308, 2302).

[3] This fact is shown in detail at p. 77, above. See also next note.

[4] Mr. Barclay, in his testimony before the English Gold and Silver Com-

This advantage of the producer in the silver standard countries has been and is an advantage to him in gold standard countries as well as in silver standard countries.[1]

As a result of the causes set forth in this section and the preceding one, the producers in the silver-using countries received an advantage which has frequently been termed a bounty.

e. A BOUNTY TO PRODUCERS IN SILVER-USING COUNTRIES.

The effect of this advantage has been as follows:

(1.) EFFECT ON THE PRODUCERS OF COTTON YARNS AND CLOTHS.

The disadvantages to which the manufacturers of cotton yarns and cloths in gold standard countries have suffered, combined with the natural advantages for spinning the coarser yarns in silver standard countries, and the weaving of the coarser cloths, has resulted in the following changes:

"The first 50 bales of cotton yarn were shipped from Bombay to Hong-Kong in 1866, but the growth of the trade was not very rapid and it had only increased to about 3,000 bales per annum in 1874. At this time the great fall in silver commenced." **Since 1874 the following**

mission, said: "The Bombay manufacturer has his wages and all his permanent charges to pay in rupee values. The English manufacturer has all these things to pay in gold values, and therefore, when these are rendered into rupee values in the case of selling against these Bombay mills, he in the case of a fall in silver [as compared with gold] is disadvantaged." As an illustration he read figures from "a pamphlet on the Silver Question and the Cotton Trade." Adjustments for the English manufacturer take place to a greater or less extent through a reduction in wages and other expenses. (§§ 2289, 2294–8.) "The date of such an adjustment is uncertain but will probably be remote, and may be postponed for an indefinite period of time." (Report of the British Gold and Silver Commission, Part III. §9.)

[1] The advantage which the Bombay manufacturer gets over his English competitor, from the Englishman's expenses not falling in proportion to the fall in the price of the product, gives "the Bombay manufacturer an advantage in *every* market, does it not?" (Question put by Commissioner Farrer to Mr. Barclay.) "Answer: Yes, it does." (§2315.)

wonderful changes have taken place in the manufacture of cot yarns and cloth in India:[1]

YEAR.	NUMBER OF			COTTON YARN.	COTTON PIE GOODS.
	MILLS	SPINDLES.	LOOMS.	Thousands of Pounds.	Thousands Yards.
1876-77	47	1,100,112	9,139	7,927	15,544
1877-78	53	1,289,706	10,533	15,600	17,545
1878-79	58	1,436,464	12,983	21,332	22,517
1879-80	58	1,470,830	13,307	25,862	25,800
1880-81	58	1,471,730	13,283	26,901	30,424
1881-82	62	1,550,944	14,386	30,786	29,911
1882-83	62	1,654,108	15,116	45,378	41,583
1883-84	74	1,895,284	16,251	49,876	55,613
1884-85	81	2,037,055	16,455	65,897	47,968
1885-86	86	2,110,847	16,455	78,241	51,577
1886-87	94	2,261,561	17,455	91,804	53,405
Increase per cent between 1876-77 and 1886-87.	**100**	**105**	**91**	**1,058**	**243**

The exports of similar goods from the United Kingdom to silv using countries in the East have not increased in anything like same proportion:[2]

YEAR.	COTTON YARN. Thousands of Pounds.	COTTON P GOODS Thousand Yards
1877	33,086	394,48
1878	36,467	382,33
1879	38,951	523,92
1880	46,426	509,09
1881	47,479	587,17
1882	34,370	454,94
1883	33,499	415,95
1884	38,856	439,93
1885	33,061	569,33
1886	26,924	490,45
1887	35,354	618,14

[1] The figures we quote are taken from the report of the British Gold and Silver Commission, Part 1, ¶76.

[2] Figures quoted are from the report of the British Gold and Silver Commission, Part 1, ¶77.

Of the Exports of cotton yarn from the United Kingdom to China and Japan, Mr. Provand, an export m chant connected with the China Japan trade, in his evidence before British Gold and Silver Commissio 1887, said: "It will be observed trade was a growing one down to l even though exchange had falle great deal in the meantime; but t

The Market for Cotton Yarns and Goods.

Mr. J. C. Fielden in his testimony before the British Gold and ilver Commission, says: "All the free markets that we have in the world for cotton yarns and goods] are silver-using countries. All the gold ountries are quietly yet firmly protected against us. Now as a matter f fact the cotton trade has 900 millions of people to serve in silver-sing countries and the chief portion of our trade has to go there." §8006.)

Question: What do you include in the silver-using countries? nswer: China, India, Japan, some of the portions of South America; gypt is partly silver and partly gold; down the Persian Gulf there are lso silver-using countries." (§8007.)

(2.) EFFECT ON PRODUCERS OF JUTE GOODS.

As a result of the fluctuations in the ratios between gold and silver nd the natural advantages of India, the jute manufactories have been o stimulated in Calcutta that similar manufactories in the gold stand-rd countries have lost their trade to a considerable extent.[1]

growth was chiefly in 28-32 and other yarns, which Bombay cannot spin; but from 1882 to 1886 the trade has been a declining one, and 1886 marks the smallest shipments over the 12 years shown in this table.

"The export of cotton yarns from the United Kingdom to China and Japan is now nearly confined to 28's-32's and finer counts, which to the present time are not manufactured in Bombay." (§3320.)

Said Mr. Barclay: "The trade that we had in 20's yarns with these markets [China and Japan] is actually disappearing from Lancashire."

"Question: There are certain classes of cotton manufactures in which India cannot compete? Answer: Yes; but they are going on increasing their power to produce finer yarns. The trade commenced first of all with coarse yarns and coarse goods." (§§2302–4.)

Cotton Goods. Question to Mr. Provand: "Is weaving developing in India? Answer: It is developing.

"Question: As rapidly as spinning? Answer: No, not so rapidly; it requires more technical knowledge." (§§3454–5.)

[1] Mr. S. Williamson, doing business with Chili and California, and a member of Parliament, testified before the English Gold and Silver Commission. Among other things he said that the effect of the fall in the gold price of silver "must undoubtedly be to stimulate the planting of native industries in India. We see what has taken place in Calcutta in the planting of jute factories there. Some Dundee people thought that they would still keep the hold of that trade, and get cheap labor out in India and cheap jute. Freights were then very high, and they planted some jute mills. These have got extended; they are not now all in the hands of Dundee people, they are in the hands of London and Liverpool and Glasgow people largely, and they are making jute goods in Calcutta, I know, at prices that Dundee cannot compete with. We ourselves struggled on shipping bags from Dundee to the West Coast and to California, but we found

We will next consider the effect on the Producers of Wheat Cotton of the change in the ratio between gold and silver.

(3.) EFFECT ON THE PRODUCERS OF WHEAT AN COTTON.

As between the growers of wheat and cotton in gold standard c tries and growers of these products in silver standard countries have been these marked differences :

First, the exchange value of gold had during 1892 appreciat per cent over the average of the 11 years 1867-77, while the exch value of silver as measured in commodities had remained practi stable.[1] This appreciation of gold (fall in the gold price of comm ties) has had the following effect:

(a) Gold has Risen, Silver remained Stationary; Effect as to Expe of Producers.

It has injured the producers in the gold standard countries *th their expenses not falling in price in proportion to the fall in the pri wheat and cotton*, whereas in the silver-using countries the producers had *practically stable prices*.

Another fact to bear in mind is the Improvements in Transporta

(b) Improvements in Transportation.

In the past 30 years the interior of India and other coun adapted to the growing of wheat and cotton have, through the buil of railways, been opened up to the exportation of these prod And the opening of the Suez Canal and the various other improvem in transportation have greatly lessened the disadvantage which countries distant from Western Europe had previously been labo under.

ourselves losing heavily one or two years. We found that our neighbors were getting cheaper goods in Calcutta, so, contrary to our own inclination, we had to abandon buying in Dundee and had to make our purchases in Calcutta. Now freights are so low all over the world that we get goods sent from Calcutta to San Francisco cheaper than to London. We paid four dollars and a half a ton last year, and the demand for these Calcutta goods is, of course, just taking away the trade from Dundee altogether, except in those other st made of jute that from time to come into play in this country; practically, the trade in bags and ing is taken away from Dundee to cutta almost entirely. The same may happen in cotton goods, and *persistent adherence to a gold metallic standard* **will inevitably a greater stimulus to the plan of native manufactures in I** (£5965.)

[1] Page 131 above.

Another cause of the increase in the output of wheat and cotton from the East is this:

(c) Appreciation of Gold has Increased the Foreign Debts.

Among the products in which India has, as compared with her other products, an advantage, is wheat and cotton, and as the debts and other charges against the Indian Government and the individuals must be paid, wheat and cotton are the products which are very largely grown for export. Now the people and the government of India **have been and are greatly indebted to England and other countries, and such is the case in all the silver-using countries,** and this debt to the extent that it has been payable in gold **has been increased in exchange value through the increase in the exchange value of gold,** AND CONSEQUENTLY THE EXPORTS OF INDIA AND THE OTHER DEBTOR COUNTRIES HAVE HAD TO INCREASE IN PROPORTION TO THE INCREASE IN THE DEBT WHICH THEY HAVE HAD TO PAY.

As gold has nearly doubled in value since 1873, it is manifest that **the exports from India and the other debtor countries have had to** NEARLY DOUBLE to pay that portion of the debt which existed since 1873. As to debts which have been contracted since 1873, the increase in the exchange value depends largely upon the length of time they have run.[1]

(d.) Each Fall in the Gold Price of Silver a Bounty to India's Exporters.

Since the demolition of the bimetallic tie *each fluctuation* in the relative value of gold and silver has, when the value of silver fell as compared with gold, **given to the exporter of Indian wheat a bounty**[2] and, on the other hand, each rise in the value of silver as compared with gold has produced an opposite effect.

[1] Mr. Henry Waterfield, C. B., Financial Secretary of India, in his testimony before the British Gold and Silver Commission, February 15, 1887, said that **the government of India was then losing each year 2,512,000£, due to the increased value of gold payments which the government is making.** (27,089.)

The loss to the people of India individually is probably as great. THIS MAKES A YEARLY TOTAL OF OVER 5 MILLION POUNDS STERLING—25 MILLION DOLLARS.

[2] "The fall in the [gold price of] Indian exchange makes it profitable for an Indian exporter to take a price which otherwise he would have just refused for a batch of wheat which he has on hand, and his so doing tends to lower for a time prices in the wheat market." (Testimony of Alfred Marshall, Professor in the Economic Department of Cambridge University, before the English Gold and Silver Commission, January 23, 1888, p. 52 of Appendix to Final Report.)

Since 1873 the fall in silver as compared with gold has been abo
per cent.

Furthermore, during the time silver has flowed to India, whic
been almost constantly, although in not large quantities, there has b
bounty to the Indian people amounting almost to the cost of trans
ing the silver.[1] In short,

(e.) When Silver Flows to India Her Exporters Receive a
Bounty.

Let us next consider the effect of the United States enacting
giving unlimited coinage to silver and gold at 16 to 1, thereb
establishing between silver and gold a market ratio of 16 to 1.
it will have this effect is shown below page 458.)

[1] We will explain the above more fully:

When there is a balance of trade between countries, then shipping the precious metals is the way the balance is usually paid. The cost of transporting the bullion is the interest on the investment while in transit, freight and insurance. The way we know *when* the balance of trade is running against us (or any other country) is *the rate of international exchange*. When the cost of purchasing a bill of exchange on a foreign country is so high that it pays to ship gold from this country we say that gold is at the "shipping point," and we know that gold is being shipped abroad, or is about to be shipped abroad; on the other hand, when the cost of a bill of exchange on a foreign country is so low that it shows that it pays to ship gold to us, we say that gold is at "the importing point," and we know that gold is being shipped to this country, or is about to be shipped to this country.

The way the bounty comes about is this: Bills of exchange on foreign countries are bought and sold through brokers. While gold is at the "shipping point" *all the bills drawn on foreign countries* have to be paid for at "shipping point" rate, although it is only the balance of trade for which gold has actually to be shipped. The p
who *make* by selling at so high
the exchange which is offset by
bills, are the individuals *who ha*
ments to make in this country (the
receiving for his services only
sonable profit, owing to the compe
in the business). **That which th
eigner makes on account of gold
at "the shipping point" in this
try is in the nature of a bounty
foreigner, encouraging him to th
tent to purchase commodities i
country.** For example, the exc
between this country and foreign
tries is at par, and the foreigner
afford to purchase our cotton go
the prices which exist in this co
and in his own country. Now,
exchange on foreign countries adv
to "the shipping point" then th
eigner can receive a premium
purchases he makes in this coun
the amount which it requires to
gold, and this amount may be suff
to make it desirable to him to pur
cotton goods in this country. Fro
foregoing it will be seen how it h
curred that with silver flowing
England to India almost const
"there has been a bounty to the I
people amounting almost to the c
transporting silver."

(f.) **Effect of a Bimetallic Law by the United States at 16 to 1.**

The effect will be to raise gold prices in Europe and in the United States about 20 or 25 per cent., thus:

(1.) Lessening the weight of debts about 20 per cent and lessening to a like extent the weight of taxes and prices fixed by law, by custom and by monopoly. To this extent the producers of wheat and cotton in the United States will be benefited.

They will receive these further benefits:

(2.) General prices will in the Future be much more stable and thus they will avoid the losses which have in the past occurred through the falls in general prices. The losses from these sources we pointed out to you in the fifth preceding section. A further beneficial effect will be this:

(3.) To reduce by about 20 per cent the unjust debt appreciation under which the East Indians are laboring, *and by so doing reduce the output of wheat and cotton required to pay the interest on their debt, and to repay the principal.* **In short, cheapening gold will lessen India's foreign debts and so lessen her output of wheat and cotton.** This lessening of the quantity of wheat and cotton exported from India *will result in an increase in price* **and thus the wheat and cotton producers of America will be benefited.**

(4.) Furthermore, a return to a 16 to 1 ratio will result in a fall in the silver prices about 33 per cent (see below). This fall in silver prices in India will be brought about through silver being exported as bullion. The silver will be exported in preference to wheat, cotton and other products *and thus the European supply of these products will be shut off just that much.* **This lessening output from India and the East will tend to raise the gold prices of these products in Europe.**

(5.) Next there is the fact that the practically fixed ratio which will result from such a law by the United States *will prevent the East Indians from receiving any more bounty* **from the divergence in the ratio between silver and gold set forth in the second preceding section.** And during the time that silver will flow *from* India, its producers, instead of receiving a small bounty through exchange being in their favor, as in the past, **will for the time that silver flows out be at a corresponding disadvantage.**

(6.) Lastly there is the fact that rising and then stable prices throughout the gold-using countries of Europe and throughout the United States will give full employment, *and this will result in a much greater consumption of wheat* (through a lessened consumption of the

cheaper grains, e. g., rye flour and corn meal), **and this will he raise still higher the price of wheat.**

In this division we have presented to you the effect of the des tion of the bimetallic standard—the destruction of the practically stant ratio between silver and gold—and its effect. We have shown that it has Divided the World Commercially. **This fact, together the fact that gold has increased in exchange value over 80 per** (since 1873), **while silver has remained Practically Stable,** HAS SULTED IN GREAT PROSPERITY IN THE SILVER STANDARD COUNTRIES, W THE REVERSE HAS OCCURRED IN THE GOLD STANDARD COUNTRIES. facts we have presented to you showing the prosperity of the s standard countries have been *in detail*, therefore we will now gi General Statement as to the prosperity of these countries:

(4.) GENERAL STATEMENTS AS TO THE PROSPER OF SILVER STANDARD COUNTRIES.

INDIA.

As to India, the foregoing extracts from the evidence taken by British Gold and Silver Commission and from their report show clusively the increased prosperity in India, due very largely to increased fluctuations in the exchange between silver-using gold-using countries, and to the further fact that in India they since 1873 experienced practically stable prices, while in England other gold standard countries gold had by 1887 increased 43 per cen exchange value. The British Gold and Silver Commission took above evidence during 1886, '87 and '88.

In 1893 the government of India, composed of English offic closed the Indian mints to the unlimited coinage of silver, *their o being to preserve a practically constant ratio between the Indian money the English money.* **This has resulted in putting the East Indians an even footing with Englishmen as concerns the trade with Ch Japan and other silver-using countries, and it also removed Englishmen the barrier to the Indian markets which had sulted from the fluctuations in the ratio between Indian mo and English money.**

The second great effect has been to place India on **a scale of fall prices.**

We will next consider Silver-Using Japan:

JAPAN.

William E. Curtis visited Japan during the summer of 1895. T

was at the time the money question was being greatly agitated in the United States. In a letter dated Japan, July 24, and appearing in the Chicago Record August 24, he says:

"Speaking as one who does not believe in silver money, nor in bimetallism unless it be universally adopted and all the nations of the earth agree to maintain the value of silver, I must, nevertheless, admit that **it is the uniform testimony of all concerned that the demonetization of the white metal by the repeal of the Sherman law in the United States [1893] and the suspension of [unlimited] coinage in India [1893]** WAS A GREAT THING FOR JAPAN.

"It is a practical question here, and all persons interested, including officials, bankers, merchants, manufacturers and agriculturists—the workingman does not think so he cannot be included—**are anxious that the agitation** SHALL CONTINUE INDEFINITELY LEST THE PRESENT PROSPERITY OF THE EMPIRE TERMINATE."

Silver Standard and Gold Standard Countries Compared.

"Japan, Mexico and other silver countries are not only much more prosperous at present than the gold countries of Europe, but their domestic interests are *greatly stimulated.* **In fact, financial and commercial depression is almost universal, except in the countries I have mentioned, where there is nothing but silver money.** PRICES IN ENGLAND AND THE UNITED STATES HAVE FALLEN WITH SILVER, PARTICULARLY THOSE OF EXPORTABLE PRODUCTS, WHILE IN JAPAN THEY REMAIN THE SAME." "If the value of gold measured by silver and other commodities continues to rise, the manufacturing industries of Great Britain will be compelled to remove to silver-using countries or lose their markets. There has already been a very large exodus of cotton manufactures from Manchester to India, and I hear of the early transfer of two other large cotton interests from Manchester to Shanghai." "Old mills are being enlarged and new ones built. The output increases, competition lowers prices, and **the man who is working on a gold basis suffers more and more.** * * *

"The first cotton mill was erected here in 1863 with 5,456 spindles. In 1883 there were sixteen mills with 43,700 spindles. In 1894 forty-six mills with 505,419 spindles. There have been seven new mills with 160,000 spindles *already added this year*, and several more are nearing completion, which will bring the number of spindles up to 711,000 before January 1, 1896.

"The forty Mills in the city of Osaka in 1894 *paid an average dividend of 16 per cent.* The highest was 28 per cent and the lowest was

8 per cent. The difference was due to management. The yarn pay the best.

"Great Britain and Germany have suffered more than the U States from the result of silver depreciation, because they have a l trade abroad and a more limited market at home."

The "Invasion" of the Japanese.

During January, '96, the Manufacturers' Association of the U States met and the "report of a special committee appointed to in into the manufacturing industries of the East, and particularly in J was read by C. Heber Clark of Philadelphia, Chairman of the mittee." A summarization of the Report is as follows: "This tion of competition with Japan promises to be the most important n the convention will have to deal with. The report of the comm outlined the great competition into which the market of this coun brought with the oriental nations, the low price paid for workmen recites from newspapers and foreign consuls reiterating the state that the goods are being shipped to America, where they are so lower prices than the raw material can be bought for."

In conclusion the report says:

"Articles of Japanese manufacture have appeared in our Ea cities, rivaling and underselling American articles suitable for si purposes. Japanese matting is now crowding out cheaper kin Philadelphia carpets. Japanese rugs, made in imitation of Ame patterns, are sold in great quantities in preference to American ru higher value. Brushes are sold at retail in Eastern cities for abou American value of the unmanufactured bristles. American watch makers are selling to Japan cases for excellent movements made for this market.

"There can be no concealment of the fact that some of our m facturing industries are gravely menaced by this rivalry of a co where skilled labor may be had at a cost of 10 cents or 15 cents a da **less than one-tenth of the cost of such labor in our own coun**

"Your committee does not care to discuss the causes of this me or the methods by which the peril may be averted. We believe tha national association should, however, take cognizance of the matte should ask that congress shall investigate the subject in a thorough comprehensive manner, so that the people may fully understand it. therefore, recommend the adoption of the following resolution:

"Resolved, by the National Association of American Manufact in Chicago, Jan. 22, 1896, That the Congress of the United Stat hereby respectfully requested to appoint a commission, or to direct

of its own committees, to inquire respecting the alleged invasion of our market and the menace offered to American manufacturing industry by the products of cheap oriental labor and to determine what is the cause of this menace and what means should be adopted to avert the threatened injury to domestic producers."[1]

Robert P. Porter, Superintendent of the last national census and a student of foreign competition with American manufactories, visited Japan early in 1896 and has published a report, part of which is as follows: **"Japan's foreign trade has gone from $78,000,000 in 1885 to $296,000,000 in 1895, which is nearly half the Pacific trade."**

MEXICO.

The Mexican delegates to the International Monetary Conference of 1892 made the following statement: "In our own country values have not perceptibly changed. **The widening in the ratio between silver and gold has produced** AN ACTUAL PREMIUM ON EXPORTATION. * * * For this reason the export of articles other than silver has risen from $6,000,000 in 1873 to $27,000,000 in 1891.

"In view of these results we have reason to believe that **after a few years** we shall be able to pay the value of our foreign markets in produce of the country, and in raw material, and perhaps even more than this. * * * *The production of our own manufactures will cause a proportional diminution in the consumption of European manufactures* and will in time end by completely superseding some of them."[2]

And now, fellow citizens, I know you are anxious to learn the defense which the gold standard advocates make to this part of our case—this part which deals with the effect of the severance of the bimetallic tie, thus Dividing the World Commercially, and the further fact that the silver standard countries have had a Practically Stable Measure of Value, while our measure of value has increased in size 100 per cent and in England 66⅔ per cent.

Well, their usual way has been as follows:

(5.) THE DEFENSE PUT FORTH BY THE BENEFICIARIES OF THE GOLD STANDARD.

a. HALF TRUTHS AS TO THE EFFECT OF THE BI-METALLIC LAWS.

They usually say that the so-called bimetallic laws which were in force previous to 1873 were *ineffectual attempts to circulate gold and silver*

[1] Chicago Record, January 23, '96. [2] Pages 109, 110 of Proceedings.

side by side, with each money given free coinage and a legal tender in unlimited quantities.

Now this is largely true, **but why omit the other half of the Truth** namely, that the bimetallic laws kept a practically constant market ratio of gold and silver, thus making them, for monetary purposes, throughout the world, practically one metal (page 124 above).

The manifest reason is that had they told the other half of the Truth THEY WOULD HAVE ACKNOWLEDGED THAT THE GOLD STANDARD AND THE SILVER STANDARD DID NOT COME INTO EXISTENCE UNTIL THE BIMETALLIC TIE WAS DISSOLVED BY THE LEGISLATION WHICH REPEALED THE BIMETALLIC LAWS, **and they also would have to acknowledge that** THE BREAKING OF THE PRACTICALLY CONSTANT RATIO BETWEEN SILVER AND GOLD DIVIDED THE WORLD COMMERCIALLY.

In England the advocates for the gold standard have been forced to *publicly* acknowledge that the gold standard has existed *only since 1873* and that *when it came into existence the world was divided commercially*.[1] In the United States, however, **the moneyed interests have taken care that we should not have any monetary commission since 1876,** and **their advocates in the universities deliberately deceive their pupils and the public concerning these fundamental facts.**[2] With several univer-

[1] See above page 127 and those following it, also these statements:

Professor Alfred Marshall, of the University of Cambridge, when before the British Gold and Silver Commission, January 16, 1888, was asked the question: "You are no doubt aware that Gold has never been really tried as the legal standard *unconnected with silver before 1873?*" He answered: **"Yes, I admit that."** (¿9885.)

The bimetallists of the British Commission in Part III, Sec. 20, say: "The commerce of the world is now conducted under two distinct standards instead of one, as was formerly the case." In the words of Commissioner Barbour: **"The world has in reality had no experience of the single gold standard except since 1873,** and the experience acquired since that date is decidedly against continuing the experiment." (Note by Mr. Barbour, ¿60.)

In 1875 **Professor Jevons,** the noted English Economist, pointed out the fact that the bimetallic laws which existed previous to 1873 had kept a practically constant ratio between silver and gold and that when a large output of silver had occured it had affected the exchange value of gold in England.

Walter Bagehot, Editor of the London Economist, also published to the world the same fact. His statement and that of Professor Jevons we will later on present to you more fully.

[2] J. Laurence Laughlin, "Ph. D., Assistant Professor of Political Economy in Harvard University," contributed to Appleton's Cyclopedia for 1885 a statement concerning Bimetallism, in which he says: "It aims to keep in *concurrent circulation both gold and silver* at some fixed ratio and proposes that both gold and silver shall at that ratio have unlimited legal tender power." (P. 275.

You will observe that here *no reference is made to the essential fact* that pre-

vious to 1873 the aim was to keep a practically constant ratio between gold and silver in order *to make them for monetary purposes throughout the world practically one metal.*

It is manifest that if silver and gold were for monetary purposes practically one metal, thus constituting the bimetallic measure or standard of value, that the gold standard and the silver standard did not exist, *for they came into existence when the practically constant ratio between silver and gold* **was broken.** This fact we have shown is acknowledged in England. But Professor Laughlin does not admit it; he says that in the United States from 1792 to 1893 "while we have nominally had a double standard [bimetallic standard] *in reality we have either had one alone* [silver standard or gold standard] *or been in a transition* from one to the other standard. For a larger part of the time, from 1834 to 1853, we had in reality a single standard of gold. The act of 1853 acquiesced in the gold standard." (Laughlin's edition of John Stuart Mill's Principles of Political Economy, pp. 316-20.) This was given to the public in 1884. One year later the note in which this statement occurred was elaborated and appeared under the title "History of Bimetallism in the United States." The same half-truths and outright falsehoods appear in it. One of his chapters is headed "The Gold Standard, 1853-1873."

After Laughlin had put forth the deceitful arguments contained in the three publications above mentioned, HE WAS EMPLOYED BY THE TRUSTEES OF THE UNIVERSITY OF CHICAGO AND MADE HEAD PROFESSOR OF THE ECONOMIC DEPARTMENT. In 1895, after President Cleveland wrote to the Chicago gold standard men that "Disguise it as we may *the line of battle is drawn,*" and that the sound money sentiment "*must be crystallized and combined and made* **immediately active,**" Head-Professor Laughlin began furnishing to the Chicago Times-Herald for publication on its editorial page *a signed article each day, and he uttered his false teachings in many other ways.* In the articles in the Times-Herald he reiterated the fallacy which we have just exposed (issue of April 29th); in an article in the Forum for July he again reiterated the sophism, and in a book (Facts about Money) intended for circulation among the voters he did the same thing.

We have stated to you quite fully the way this university professor has been falsifying facts for the moneyed interests *in order that you may gain something of an idea of* **the extent and** THE CHARACTER **of the efforts by which the moneyed interests are seeking to miseducate the people—deceive the people.**

Another leading instance of the way the people have been led from the Truth is as follows: "Professor Francis Bowen, of Massachusetts, in **a minority report of the U. S. Silver Commission of 1876,** concurred in by Randall L. Gibson of the House of Representatives, said: **"The French attempt to establish a double standard has been** A TOTAL FAILURE. England has had no occasion to change her action or her policy. 60 years ago she adopted gold as her only standard of value and demonetized silver * * *. In order to secure the advantages of this English system and to avoid the heavy loss which seemed impending over her currency through the depreciation of silver, Germany took the first step toward the abandonment of her silver standard by a law passed in December, 1871." (pp. 142, 3, 7.)

"Down to 1816 England had **a silver standard** and" then passed "over to **the gold standard."** This was stated in a series of University Extension Lectures just previous to the national election of 1892 by "Sidney Sherwood, Ph. D., Wharton School of Finance and

sity professors publicly announcing these falsehoods and thus furnishing authority, the Congressmen, Senators and the Presidents of the United States, *who have owed their election to the moneyed interests*, **reiterate the half truths and the outright falsehoods.**[1]

The foregoing individuals *do not admit* that with the loss of the practically constant market ratio between silver and gold *there then came into existence the gold standard and the silver standard.* If one's premises are wrong how can the argument which follows be valid?[2] And the press which is owned or controlled by the moneyed interests publish the utterances of these falsifiers without exposing their falsehoods, and they re-

Economy, University of Pennsylvania." (He is now employed by Johns Hopkins University.) These lectures were put in print and distributed among the voters.

The list of patrons is published and I am reliably informed that *they are almost all bankers.* (Pages 3 and 199, History and Theory of Money by Sherwood.)

[1] **Secretary of the Treasury Carlisle,** in his noted Memphis speech, May 23, 1895, said: "The attempt to coin the two metals without limit as to the amount into full legal tender money and keep *both in circulation* at the same time has been made by nearly every civilized nation in the world and has *failed* in every one of them."

President Cleveland in his annual message to Congress, December, 1895, said: "Those who advocate a blind and headlong plunge to free coinage in the name of bimetallism and professing the belief, contrary to all experience, that we could thus establish a double standard and *a concurrent circulation of both metals in our coinage*, are certainly reckoning from a cloudy standpoint."

President Harrison in his annual message to Congress, December, 1891, said: "I believe it is the earnest desire of a great majority of the people, as it is mine, that a full use shall be made of silver just as soon as the co-operation of other nations can be secured and a ratio fixed that will give *circulation equally to gold and silver.*"

Hon. Thomas B. Reed, in his speech in the House for the repeal of the Sherman law, August 26, 1893, said: "All you have to do is to apply yourselves to the history of the United States; and the speech of the gentleman from Tennessee (Mr. Patterson), a brave and admirable speech, shows conclusively that this country *while it was pretending to be bimetallic in its standard was* **never really so;** that one metal drove the other out of the country; that the standard was not possible of maintenance as long as there was an over-valuation."

Major McKinley in a speech in the House against a bill for the unlimited coinage of silver and gold at 16 to 1, said: "From 1793 to 1873 we had the free and unlimited coinage of silver in the United States * * * The struggle has been to preserve *the circulation* of gold and silver each on a parity with the other, **and we have never been able to do it until now.** At no time in the history of the United States have gold and silver so circulated side by side *in equal volume* as gold and silver have circulated concurrently since 1878." (Congressional Record June, 25, 1890. Reprinted in "Speeches of William McKinley," p. 454.)

[2] **Senator John Sherman** in his book published in 1895 says: "Since 1834 *gold had been practically the sole coin standard* of the United States and since 1815 has been *the sole standard of Great Britain.* (John Sherman's Recollections, p. 615.)

iterate the falsehoods editorially[1] and brand as "liars," knaves" and "thieves" those who attempt to show up the real truth in the matter.

Thus from the universities to the daily and weekly press the moneyed interests stand intrenched. CAN THE TRUTH REACH A MAJORITY OF THE VOTERS OF THE UNITED STATES BETWEEN NOW AND THE SECOND TUESDAY OF NOVEMBER?

(b.) HOW THE PARTIES STAND.

"The Republican party [of 1896] **is unalterably opposed to every measure calculated to debase our currency [raise the general prices of commodities]** or impair the credit of the country. We are therefore opposed to the free coinage of silver except by international agreement **[no ratio mentioned]** with the leading commercial nations of the world, which we pledge ourselves to promote, **and until such agreement can be obtained the existing gold standard must be preserved.** All our silver and paper currency now in circulation **must be maintained at parity with gold,** and we favor all measures designed to maintain inviolably the obligations of the United States and all our money, whether paper or coin, **at the present [gold] standard—the standard of the most enlightened nations of the earth."** This latter sentence praises the gold standard and is therefore directly opposed to the sentence preceding it, which pledges the party to promote bimetallism through international agreement.

THIS PLATFORM NOWHERE MENTIONS THE EVILS WHICH FLOW FROM THE DIVISION OF THE WORLD COMMERCIALLY, NOR DOES IT MENTION THE ADVANTAGE WHICH THE SILVER-PRICE COUNTRIES EXPERIENCE IN A RESULT OF THIS DIVISION AND THE FALL IN GOLD PRICES.

The platforms of the three Bimetallic parties in the United States have not been declared at the time this goes to the printer, but their views

The matter of the practically fixed ratio between silver and gold was clearly understood by those who at all studied the question; **President Garfield** in his Inaugural Address, March 4, 1880, said: "Confusion has recently been created by the *variations in the relative value of silver and gold.*" And **James G. Blaine** in his Letter of Acceptance in 1884 said: "The one special requisite for the completion of our monetary system is *the fixing of the relative values of silver and gold.*"

[1] For example: The Chicago Tribune, in an editorial in the Sunday issue just preceding May 9th, said: The only way to *keep both gold and silver in circulation* is for the government to guarantee that the coins of the cheaper metal [silver] shall be redeemed in the other if desired [as now] and thus keep them at a parity."

were clearly set forth by the Bimetallic Conference which met at Washington January 22, 1896:

The Fifty Per Cent Fall in General Prices: The Evil Effects.

"Whereas, The demonetization of silver in 1873 **enormously increased the demand for gold, enhancing its purchasing power and lowering all prices measured by that standard,** and

"Whereas, Since that unjust and indefensible act **the prices of American products have fallen upon an average** NEARLY 50 PER CENT, carrying down with them proportionately the money value of all other forms of property, except in peculiarly favored localities; and

"Whereas, Such fall of prices **has destroyed the profits of legitimate industry, injuring the producer for the benefit of the non-producer, increasing the burden of the debtor and swelling the gains of the creditor; paralyzing the productive energies of the American people, relegating to idleness vast numbers of willing workers, sending the shadows of despair into the home of the honest toiler, filling the land with tramps and paupers and building up colossal fortunes at the money centers;** and

"Whereas, In the effort to maintain the gold standard the country has, within the last eighteen months, in a time of profound peace and plenty, been loaded down with $162,000,000 of additional interest-bearing debt, under such circumstances as to allow a syndicate of native and foreign bankers to realize a net profit of $10,000,000 on a single deal; and

"Whereas, Another call is now pending for a further gold loan of $100,000,000, which, but for an outburst of popular indignation, would also have been negotiated in the same secret manner and through the same syndicate; and

The Future of Gold Prices.

'Whereas, It stands confessed that **the gold standard can only be upheld** by so depleting our paper currency as TO FORCE THE PRICES OF OUR PRODUCTS BELOW THE EUROPEAN AND EVEN BELOW THE ASIATIC LEVEL, in order that we may sell in foreign markets, **thus aggravating the very evils of which our people so bitterly complain,** degrading American labor and striking at the very foundations of our civilization itself; and

Over-Production Sophism Exposed.

"Whereas, The advocates of the gold standard persistently claim that the real cause of our distress is OVER-PRODUCTION—that we

have produced so much that it has made us poor—which implies that **the true remedy is to close the factory, abandon the farm and throw a multitude of people out of employment**—a doctrine that leaves us absolutely without hope for the future; and

The Bounty to Silver Price Countries.

"Whereas, **The difference of exchange between silver standard countries and gold standard countries** IS EQUIVALENT TO A BOUNTY EQUAL TO THE DIFFERENCE BETWEEN THE VALUE OF GOLD AND SILVER, IN FAVOR OF THE PRODUCTS OF SILVER STANDARD COUNTRIES EXPORTED TO GOLD STANDARD COUNTRIES AND A CORRESPONDING TARIFF AGAINST THE PRODUCTS OF GOLD STANDARD COUNTRIES EXPORTED TO SILVER-USING COUNTRIES; and

"Whereas, The cost of production otherwise in the old world, and particularly in China and Japan, is far less than the cost at which similar products can be produced or manufactured in this country by American labor without reducing our farmers, miners, mechanics, manufacturers and other industrial workers to the level of Chinese coolies;

The Remedy.

"Resolved, That, over and above all other questions of policy, we are in favor of restoring to the people of the United States the time-honored money of the constitution—gold and silver; not one, but both—the money of Washington and Hamilton, and Jefferson and Monroe, and Jackson and Lincoln, to the end that the American people may receive honest pay for an honest product, the American debtor pay his just obligations in an honest standard, **and not in a standard that is appreciated 100 per cent above the great staples of our country; and to the end, furthermore, that silver standard countries may be deprived of the unnatural advantage they now enjoy in the difference in exchange between gold and silver**—AN ADVANTAGE WHICH THE TARIFF LEGISLATION ALONE CANNOT OVERCOME.

"We therefore confidently appeal to the people of the United States, that, leaving in abeyance for the moment all other questions, however important, even momentous, they may appear, and sundering if need be the former party affiliation, they **unite in a supreme effort to free themselves and their children from the domination of the money power**—a power more destructive than any which has ever been fastened upon the civilized men in any race and in any age. And upon the consummation of their desires and efforts we invoke the gracious favor of Divine Providence."

THE CONDITIONS AS THEY NOW EXIST

Gold Prices in Europe.

Hon. Henry G. Miller in his "Chapters on Silver" (p. 60) says: **"If all our gold should go to Europe and enter into monetary use it would** INCREASE BY ABOUT 20 PER CENT THE PRICE OF OUR SURPLUS PRODUCTS SOLD THERE."

The effect of a 16 to 1 law is thus stated by Hon. H. F. Bartine, Editor of the National Bimetallist:

"Gold Has Nearly Doubled in Exchange Value During the Last 22 Years,

and this appreciation is still going on.

"There is no legitimate ground to question that, *in part, at least,* **this tremendous rise in the value of gold has been caused by the demonetization of silver,** which up to 1873, occupied a common field with gold and met a portion of the demand.

"If this be true, then it necessarily follows that the complete remonetization of silver would again relieve gold of a portion of the demand for it, and **to some extent lower its value, at the same time raising the value of silver," i.e.,**

Gold will Fall, Silver Rise.

"The effect of this would be to make money cheaper [in the United States]; that is, prices would rise.

As Between Debtor and Creditor.

The tendency of this would be to injure creditors who have *recently* loaned money on a gold basis. On the other hand it would be **simple justice to those who contracted debts** SOME YEARS AGO **on the basis of money cheaper than money is now.**

"The greatest general good is the principle that should govern all legislation, and the question at once arises, How would the greatest number be affected? In the first place it should be remembered that **gold has appreciated about 20 per cent in purchasing power during the last three years.** THEREFORE NO CREDITOR WHO LOANED MONEY THREE YEARS AGO WOULD BE INJURED AT ALL, unless the money in which he received payment were depreciated *more than enough to offset that 20 per cent rise.*

"IT IS NOT AT ALL LIKELY THAT THE REMONETIZATION OF SILVER WOULD AT ONCE RAISE PRICES TO ANY SUCH EXTENT. Wheat, cotton, petroleum, and possibly a few other things now sold in competition with silver-using nations, and following closely the general course of silver, would doubtless rise more than that, but the general *average* rise **would probably not equal the rise that has taken place in money during the last three years.** Why? Because the value of money, as already shown, depends upon its quantity. The most of the silver in the world is already in use as money *somewhere*, and there it is going to stay.

"The effects of restoring silver would be chiefly two: First, **it would deprive silver-using nations of their present** advantage growing **out of the difference in exchange; and second, it would increase our** money supply just in **proportion to the amount of silver which we coined.** Incidentally it would add to the effectiveness of silver as international money, because when the bullion value is raised to the coin value it can be sent from one country to another with scarcely any loss, the same as gold now can.

The principal effect would be by the addition of the new supply of silver, which, as elsewhere shown, would not exceed 60,000,000 ounces a year, and might fall considerably short of that figure. Prices being international, the effect of this addition would necessarily have to spread itself over Europe as well as America, and **there is no good reason to believe that it would raise prices more than 20 per cent on an average during the next two or three years.**

"A permanent rise of 20 per cent in average prices would be **merely a healthful stimulant to business.** IT WOULD BRING TO US AN ERA OF PROSPERITY SUCH AS WE HAVE NOT ENJOYED SINCE 1873, **and of that prosperity we may be sure the creditor would get his full proportion. The cases are very rare, indeed, in which creditors, as a body, have not been able to take good care of themselves."**—("The National Bimetallist," March 11, 1896.)

I now Recapitulate the Facts which really determine the money question:

(1) Stability in the general prices of commodities is the desideratum — Stable Money is the desideratum.

(2) Our existing measure or standard of prices has increased in size 100 per cent since 1873 over the average of the 11 years 1867-77 — the general prices of commodities have fallen 50 per cent.

(3) The legislation in 1873 which repealed the bimetallic laws broke the constancy in the ratio between silver and gold, thus dividing the world commercially into gold standard and silver standard countries. This has benefited the silver standard countries at the expense of the gold standard countries.

There is a further fact to which we will direct your attention presently and that is concerning our use of silver as money, but before we do this we wish to present to you a further defense which our opponents make:

PROFESSOR LAUGHLIN'S JUGGLERY WITH THE SILVER STATISTICS.

In Coin's Financial School the statement is truthfully made and the statistics quoted showing that silver *as compared with commodities* had remained practically stable. How to get around this fact puzzled the attorneys opposed to "Coin," for the statistics showing it are incontrovertible and they are contained in various publications accessible to individuals in general. Professor Laughlin, however, boldly entered upon the task the evening of May 4, 1895. Just before attempting to deceive his hearers and those who should read his speech he said:

"Gentlemen of the Waubansee Club: — It is a pleasure to be here in these stirring times of monetary warfare; for, I take it, I have been asked to speak here to-night, not because I am a member of any political party, but because you would expect me as a student of monetary science to discuss the subject assigned me from a *wholly non-partisan standpoint*. And I have gladly accepted the invitation to be here for this reason. The settlement of our monetary policy is too important a matter to be turned over to partisan warfare. Political parties are divided on this question, **and men of all shades of belief are honestly asking for the truth.**

"IN A SPIRIT OF SINCERITY AND TRUTH, THEREFORE, I beg to be allowed to state myself on some facts relating to prices. I have no theories to propose, no abstractions to enforce. I have no place here for anything but facts and to facts I shall mainly confine myself."

He then proceeded to define Price and to speak of the causes affecting it and said: "We are at a point where we can intelligently discuss a much mooted question. It is said that goods have fallen since 1873

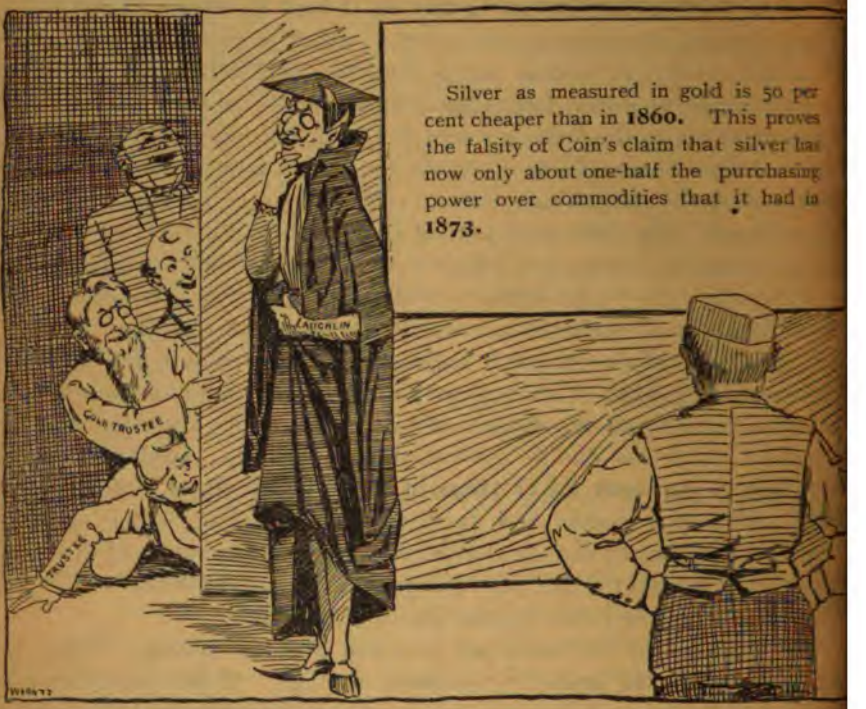
and that silver has also fallen in the same proportion; so that **silver has the same purchasing power to-day as it had in 1873.** Hence, it is argued, silver is the more just medium in which to pay debts because, it is asserted, gold has become scarce, and prices of all things, including the gold price of silver, has fallen because gold has appreciated. Let us appeal again to the facts; my own dictum is worth nothing." He then presented the Senate Table of American Prices, quoted above, together with the ratio of silver to gold from 1860 to 1895 (set forth above page 29,) saying: "In 1860 prices stood at the point 100; they were at 100 again in 1879; they were 5 to 8 points above from 1880 to 1884, and now are about 92. * * * What I wish to call to your attention is the very clear and unmistakable fact that the price of silver (its ratio to gold) and the prices of goods (their ratio to gold) did not in the slightest degree move together. There is not the slightest ground for comparison, and consequently not the shadow of a reason for supposing that the fall in the two cases was due to one and the same cause. **To-day prices of goods are 8 per cent lower than in 1860, while silver is 50 per cent lower.** You may reason and theorize and lecture until the crack of doom and you cannot change that fact. If so, what becomes of the claim that to pay in silver is the only just means of settling debts? It is, on the contrary, unjust in the proportion of 50 to 92."

The fallacy in the foregoing you will observe is this: When he stated the claim he stated it correctly, saying: "Silver has the same purchasing power to-day as it had *in 1873*" **and he answers it by taking the year 1860.** THAT IS THE WAY THE "HIRED MAN" GOT AROUND THIS TROUBLESOME FACT. (See illustration next page.)

On the second succeeding morning the same fallacious argument was by Laughlin put forth on the editorial page of the Chicago Times-Herald, in an article signed "J. Laurence Laughlin, Professor of Political Economy University of Chicago." On the following morning however, **the Chicago Inter Ocean, in an editorial pointed out the fallacy** and said: "A man occupying the position Prof. Laughlin is supposed to occupy *ought not to practice the deception that he attempted yesterday.* * * * HONESTLY TREATED THE FIGURES PROVE JUST THE OPPOSITE TO WHAT THE PROFESSOR TRIED TO MAKE THEM PROVE. * * * **We would advise the professor to continue to talk in platitudes and let tables of prices alone.** FACTS ARE DANGEROUS THINGS TO JUGGLE WITH."

Prof. Laughlin, however, put the same fallacious argument forth in an article published in the July Forum, entitled "Coin's Food for the Gullible." **In this article he attempts a still more barefaced fraud than in the one quoted above, for he in finally stating the case**

THE EDUCATION (?) OF VOTERS AND THE REFUTATION (?) OF "COIN"


Silver as measured in gold is 50 per cent cheaper than in **1860.** This proves the falsity of Coin's claim that silver has now only about one-half the purchasing power over commodities that it had in **1873.**
LAUGHLIN
COIN TRUSTEE
TRUSTEE

ACTUALLY SLIPS 1873 INTO THE PLACE WHERE HE HAD USED "**1860.**" T wording is set forth in the note below.[1]

A short time after the article in the Forum appeared, this fallaci statement appeared in another form: In a book entitled "Laugh versus Coin: Facts About Money." **The book is intended for gene distribution among the people** IN ORDER THAT THE CANDIDATE OF T MONEYED INTERESTS MAY SECURE THEIR VOTES ON THE ELECTION DAY

[1] Laughlin says: "While commodities in general are less than 8 per cent below the level of *1860*, silver is about 50 per cent below *that level*. This brings clearly to the mind the extraordinary falsity of the claims made by "Coin" that silver would be a proper standard of value to-day because its purchasing power, compared with goods, is the same to-day as it was in **1873**. It has been so often reiterated as to have assumed the nature of dogma that silver and prices have both fall together. *We now see how utterly wro this is.* **Silver to-day has only abo one-half the purchasing power ov commodities that it had in 1873.** say that it is not silver that has fall but that it is gold which has gone u is like the assertion of a man, aft jumping from his boat into the wat that he is not going down but the bo is going up."

NEXT NOVEMBER. Will you see to it that the truth is as widely disseminated as have been the lies of this university professor? If you will place the facts before the American citizens they can be depended upon to vote rightly.

Laughlin's statement that "Silver has to-day only about one-half the purchasing power over commodities that it had in 1873," is set forth as a Fact. His position as Head Professor in a great university is a voucher for the statement. In other words the Trustees of the university by giving him his certificate of "Head Professor" vouch for his intelligence and truthfulness.

An instance of where the above statement has been taken as authority is as follows: Professor Miller of the University of Chicago, in a prepared address delivered before the Illinois State Bankers' Association during the silver agitation in 1895, said: "While prices in the most extreme estimate have not fallen more than 30 per cent since 1873, silver has fallen *by undoubted quotations fully 50 per cent*, so that the much-sought-for stability of prices would not after all have been attained under the silver."

Here another Professor in the University of Chicago adds the weight of his name and office to establish as a fact that which he knew to be a lie.

We will next call your attention to a misleading statement which you hear nearly every day. It is this: Silver has depreciated 50 per cent.

THE ARGUMENT THAT "SILVER HAS DEPRECIATED FIFTY PER CENT."

Here the catch is that it is compared with GOLD. Silver when compared with Commodities has remained practically stable; that is to say, the silver prices of commodities in general have remained practically stable. For people to knowingly mislead you and mislead the American people is Treason to Truth, to say the least. We will quote some of these statements:

Senator John Sherman, in his book published just before the present campaign opened, says: "In reviewing, at this distance of time, the legislation of 1873 in respect to the coinage of silver, I am of opinion that it was fortunate that the United States then dropped the coinage of the old silver dollar. No one then contemplated the enormous yield of silver from the mines, **and the resulting fall in the market value of silver.** * * * SILVER IS REDUCED IN MARKET VALUE NEARLY ONE-HALF."[1]

[1] John Sherman's Recollections, p. 469.

As people who have not mastered the fundamentals of the money question *are by this deceived into believing that silver has been a dishonest measure of value,* **whereas it in fact has been a stable measure,** and **it is** THE GOLD MEASURE THAT HAS DOUBLED, it is manifest that he who puts forth this argument is an Arch Traitor to Truth, *and to the extent that he has deceived the American people* **an arch traitor to them.**

Secretary of the Treasury, Carlisle, in his speech at Covington, Ky., May 20, 1895, very properly said: "Some one may say that **it is not a fair statement to measure the value of silver by gold.**" And he added: "The statement [I have made] does not attempt to measure *the value* of either of the metals, but *simply to compare them, one with the other,* and that for the purpose of making the comparison the value of gold is determined by *its purchasing power in the markets of the world and the value of silver is determined in the same way.*" This is a splendid statement! It answers Sherman admirably, **but Mr. Carlisle did not go on to state the exchange value of either gold or silver,** HE SIMPLY AGAIN COMPARED THEM, saying: "16 ounces of silver bullion will purchase only about one-half the quantity of commodities anywhere that 1 pound of gold bullion will purchase, and this purchasing power is the true test of their actual and relative values."

The illustrations in the two foregoing paragraphs show how the **people are led to believe that silver has greatly depreciated in exchange value and that gold has remained practically stable.** How long, O, God, will thy truths be falsified and thereby thou, thyself, be blasphemed!

We will now leave this point in our case, namely the fact that "the legislation in 1873 which repealed the bimetallic laws broke the constancy in the ratio between silver and gold, *thus dividing the world commercially into gold standard and silver standard countries.* This has benefited the silver standard countries *at the expense of the gold standard countries.*"

The fourth and last point wherein we claim the people have suffered from the present laws concerning gold and silver is this: The use of Silver as money with its exchange value *based upon gold:* in short, Humpback Monometallism.

C. *HUMPBACK MONOMETALLISM.*

1. IN GENERAL.

A peculiarity of the gold standard as used in the United States is the fact that large quantities of silver are used as money with its exchange

value *fixed at the exchange value of the gold dollar*, whereas the silver bullion in it is worth *but about one-half the value at which it is circulated.*

This circulating of silver and gold, with silver on the gold basis is for convenience termed Humpback Gold Monometallism, to distinguish it from the gold monometallism such as exists in England.

This humpback gold monometallism is, *like other forms of monometallism*, **an entirely new thing since 1873.** Previous to 1873 the law had made money in which the Material was worth practically nothing, i. e., paper money, **but to have great quantities of money with the material worth only from one-half to three-fourths of its face value; is a new thing in the world.**[1]

2. *Humpback Disturbances and Panics.*

(a.) GENERAL STATEMENT.

Now, in the "struggle for gold" which has been and is taking place between the countries using gold as the measure of exchange value, whenever there is an unusual exportation of gold and a faint probability of the "gold reserve" used by the government for maintaining the parity of silver and paper money with gold, disappearing, *there is a panic, because, should the gold reserve disappear, the silver money would*, it is said, **drop to its bullion value.**[2] NOW HERE IS THE PECULIARITY:

[1] The noted economist, Gen. Francis Walker, a delegate to the International Monetary Conference of 1878, at the 4th session declared in very strong terms against humpback gold monometallism, in part saying: "To extend the operation of a heavy seignorage to the main body of the money of a country, what is it but to corrupt the coin? * * * Better far paper money than a debased coinage; for the former at least does not deceive the sense of the people."

Mr. Pierson, President of The Netherlands Bank, formerly a Professor of Political Economy, was a delegate to the International Monetary Conference of 1881. On the floor of the Conference he said of the use of the old silver dollar floated on the gold standard: "Is this a state of things which can last? We have among us several bank directors. I appeal to their experience, to their special knowledge in this matter, to tell us. For myself, as one of the directors of a bank, I say publicly, *No, this cannot last, it must be changed.* **The metallic stock of a bank must be entirely composed of coins worth their weight in silver or in gold.**" (Page 78 of Proceedings.)

He next spoke of the danger from Counterfeiting, in conclusion saying: "This clandestine mintage of silver coins I regard as one of the great dangers of the monetary situation of limping-standard countries [humpback monometallic countries]."

[2] Quotations are set forth below, pp. 409, 417.

b. PAPER MONEY DISTINGUISHED FROM PARTLY-STANDARD MONEY.

Were all the money which is kept at a parity with gold through the action of the Government such that *the Material has in itself no exchange value* then the effect of a disappearance of the gold reserve would result in gold going only to a *slight* premium, *except where there should be an increased issue of paper money* **after** *a premium on gold has been reached.*[1] It is manifest that under humpback monometallism, with the Bullion in a silver dollar worth only about *one-half* the face value of the gold dollar, the possibility of a disappearance of the Government's Gold Reserve creates a panic, *whereas, were this silver money* **all paper, no panic would be experienced.**

Better than paper money, however, is "hard" money, provided it is "standard," that is, money in which the material—the bullion—is equal to the face value. It was thus that silver and gold were used throughout the world previous to 1873, except for small change.

c. STANDARD MONEY COMPARED WITH PAPER MONEY.

You no doubt know the reasons why gold and silver when used as *standard money* **form a currency basis much better than paper money alone,** and we therefore will take it for granted that IT IS DESIRABLE THAT THE PARTLY-STANDARD SILVER MONEY NOW IN USE IN THE UNITED STATES SHOULD BECOME STANDARD MONEY, except as to silver pieces less than one dollar. Our object in comparing our partly-standard silver money with standard money and paper money, is *to show you* **how utterly bad this partly-standard silver money is.** To illustrate this badness we will mention the fact that IT HAS SEVERAL TIMES BEEN USED TO FORCE FINANCIAL PANICS, the object being to secure the unconditional repeal of the law which was creating this partly-standard money. These panics occurred in February, 1884, February, 1885, and the summer of 1893. *The evil effects attending the panic of '93 are still fresh in your mind.* Now, you are asking yourselves, undoubtedly, **who is responsible**

[1] Professor Jevons says: "As the quantity of inconvertible paper money increases, as almost always happens, coins must be exported, otherwise the currency would become excessive [prices of commodities would become higher than prices in other countries, plus the cost of transportation]. * * * There is plenty of evidence, however, to prove that an **inconvertible paper money, if carefully limited in quantity, can retain its full value** [face value]. Such was the case with the Bank of England notes for several years after the suspension of specie payments in 1797, and such is the case with the present notes [1875] of the Bank of France." (Money and the Mechanism of Exchange, pp. 215, 235.)

for the legislation which created this partly-standard silver money? We will briefly tell you:

d. A BRIEF HISTORY OF THE PARTLY-STANDARD SILVER MONEY LEGISLATION.

(1.) DESTRUCTION OF THE BIMETALLIC STANDARD IN 1873.

In 1873 the mints of the United States were closed to the unlimited coinage of full legal tender silver. Senator John Sherman, Chairman of the Senate Finance Committee, engineered the bill under the title, "An Act revising and amending the Laws relative to the Mints, Assay offices, and Coinage of the United States." Neither gold nor silver were in circulation and the people of the United States did not know that a bill was being put through which *dropped out of the list of coins to be struck* the standard silver dollar, nor did any of the great dailies, nor did the President who signed the bill.

During the same year the legislation in Germany was such as to compel war-threatened France to pass a law to keep Germany from securing her gold, and giving in exchange silver—a metal less valuable in case of War on account of its proportionately greater weight.

When the people learned that our bimetallic law had been repealed, that with our return to specie payments we would be on the gold standard, and that gold as a measure *was increasing in size*[1] *and likely to continue to increase,* unless the bimetallic standard should be reëstablished at 16 to 1, they at once set up the cry that we had been sold out to our creditors—that our creditors had secured an increase in the measure of exchange value.

That it was a fact that the measure of exchange value *had increased* could not be denied, **and the demand was general that the bimetallic measure of prices be returned to.**

(2.) A RETURN TO THE BIMETALLIC STANDARD DEMANDED BY THE PEOPLE. THE OPPOSITION BY THE MONEYED INTERESTS.

It was just to our creditors to return to the bimetallic measure, for our public debts were payable in gold or silver dollars of the weight and fineness existing at the time it was contracted, namely, gold and silver dollars at the ratio of 1 to 16; and more important than this was the fact that it would result in placing the measure almost back to the size it averaged from 1873 to '75.

[1] **Senate Table of Prices, quoted above.**

Republican and Democratic Conventions and Nominees.

In the early summer of 1876 both the Republican and the Democratic parties in their National Conventions *refused to incorporate planks in their platforms demanding the re-enactment of a bimetallic measure of prices, and the nomination of James G. Blaine,* **an acknowledged bimetallist and the people's "Plumed Knight,"** WAS DEFEATED BY THE NEW YORK MONEYED INTERESTS THROUGH THE USE OF EVIDENCE MANUFACTURED FOR THE OCCASION (page 335 below). The man nominated by the Republican party in his letter of acceptance *did not mention the question of a re-establishment of silver money, and neither did the Democratic nominee in his letter of acceptance.* **Thus was that which most vitally affected the people** SIDE-TRACKED BY THOSE WHO THOUGHT THEMSELVES BENEFITED BY AN INCREASING MEASURE OF VALUE. AND REMEMBER, THAT DURING THIS TIME THE GOLD MEASURE WAS INCREASING in size.

In the House and Senate.

After it was seen that both the Republican and Democratic parties had in their Conventions side-tracked the question of the reinstatement of the bimetallic law, Mr. Kelley of Pennsylvania and Mr. Bland of Missouri introduced bills in the House for the unlimited coinage of silver the same as of gold. These bills were introduced July 18 and 25, and August 15 a joint resolution of Congress was passed creating a commission "to consist of three Senators, *to be appointed by the Senate,* three members of the House of Representatives *to be appointed by the Speaker,* and experts not exceeding three in number, to be selected by and associated with them." The Commission were instructed to examine into the money question and as to "the best means for providing for facilitating the resumption of specie payments."

December 13 of this year (1876) the Kelley bill was passed in the House by a vote of 167 to 53. IT, HOWEVER, RECEIVED NO ATTENTION FROM THE SENATE DURING THIS SESSION."

Report of the Monetary Commission.

March 2, 1877, the Monetary Commission made its report, five of its members stating the effect of the bimetallic laws in force previous to 1873 **and advocating an immediate return to the bimetallic standard at 16 to 1.**

Professor Bowen of Massachusetts handed in a minority report concurred in by Congressman Gibson. It stated that every attempt made previous to 1873 to establish the double standard (the bimetallic standard) "has *been a total failure.*" (This half truth is also set forth at page 145 above.) This minority report also made **the further untruthful**

purposes of war is due, I consider, **to changes in the methods of war."** (§§ 9732-34.)

In another part of the evidence Professor Marshall said: **"In Germany military considerations go before anything** and she will think that gold is a more effectual agent than silver, and, as I said before, she has an idea that the gold standard has given England preeminence in trade and she wished to imitate her in that respect." (§6979.)

Mr. Birch, of the British Gold and Silver Commission, a Director of the Bank of England and an ex-Governor of the Bank, on the question as to the utility of gold as compared with silver, said: "I supposed you will allow that **in time of war gold is a much more easy thing to move than silver."** (Minutes of evidence taken by the British G. & S. Com., §4256.)

In France the conditions are the same as in Germany. Evidence of this is the quantity of gold hoarded by the Bank of France. On this point the British Gold and Silver Commission asked Professor Marshall (December 19. 1887): "Under present arrangements if there is danger of war, does not the Bank of France try to get **as much gold as it can?** Answer: **Yes.** (§6976 of Minutes of Evidence.)

In 1892, on the floor of the International Monetary Conference, the French delegate, Mr. Tirard, said: "The Bank of France does not permit itself to be stripped of the stock of gold, * * * which is **an element of security for France."** (p. 207 of Proceedings.)

Dr. Henry C. Adams in his "Public Debts," says: "In the financial policies of nations there stand forth two methods by means of which a resort to loans may, for a time at least, be obviated, even though the public treasury comes into the presence of immediate and pressing demands. These may be termed, for the purpose of characterization, the Prussian and the English method. According to the former, it is the duty of the minister of finance to lay by, during a period of prosperity, *a reserve fund that may be used in time of need;* while the second method endeavors to accomplish the same end by maintaining in ordinary times certain taxes at a low rate, in order that the rate may be immediately increased in time of financial stress. Are such provisions for fiscal emergencies defensible?

"Considering, first, the question of reserves, it may be said that the sovereigns of Prussia, in thus maintaining a **'war-chest,'** conserve the tradition of the founders of their State. When Frederick II came to the throne [1740] he received from his father a fund of 8,700,000 thalers, and at his death, notwithstanding the long and severe struggles of his reign, he left to his successor a fund of 70,000,000 thalers. **This policy is the introduction into modern life of one of the most prominent features of ancient financiering.** 'It was the common practice of antiquity to make provision in times of peace for the necessities of war, and to hoard up treasures beforehand as the instruments either of conquest or of defense, without trusting to extraordinary imposts, much less to borrowing in times of disorder and confusion. The Athenians are said to have amassed upward of 10,000 talents in the interval between the Persian and the Peloponnesian wars, and the Lacedæmonians imitated their example. A large treasure, part of which had been stored up from the age of Cyrus, fell into the hands of Alexander the Great on the conquest of Susa and Ecbatana. In the Roman commonwealth the tax of the twentieth penny in the manumission of slaves was accumulated, along with various sums taken from subjugated states, in the Temple of Saturn, as a sacred deposit to be used only in the utmost emergency. On leaving Italy, Pompey was weak enough, or careless

enough, to leave this treasure behind him, which, in consequence, became the prey of his less scrupulous or more vigilant rival. At a subsequent period, Augustus, Tiberius, Vespasian, and all the more able emperors, were in the habit of accumulating treasure. Paulus Æmilius brought a large amount of gold and silver to Rome, which is, however, admitted to have been a part only of the wealth of the Kings of Macedon, Perseus having previously dissipated a considerable portion in his wars with the Romans. The practice, in fact, was universal in the ancient world." (Dr. Adams on Public Debt, pp. 85-86, citing McCulloch, "Taxation and the Funding System," p. 396.)

As stated above, the Germans in the 18th century instituted anew the policy of hoarding gold in times of peace for use in war. In 1828 Alexander Baring, Esq., M. P., afterward Lord Ashburton, in his testimony before the British Committee on Coin, at the Board of Trade on April 26, stated that one of the causes of the variations in the market ratio between silver and gold was **the demand for gold as a war money.** His exact words are: "The variation in France is seldom above a tenth per cent; it sometimes runs to a quarter per cent. It has been, I am told, something higher on particular occasions; this was the case, I believe, 'when gold was being collected' for the war service of the Peninusla." "If Russia goes to war in a distant part she does it always with gold." (Minutes of Evidence, British Gold and Silver Commission of 1886, ¿6228.)

In 1832 Mr. White of the United States House of Representatives in a report from the Committee of the House, on Coins, points out the fact that **gold has an advantage over silver "for facilitating military operations,"** and he calls attention to "the comparative portableness of gold." (Appendix to International Monetary Conference of 1878, p. 675.)

As to European wars in recent years the Crimean war occurred in 1854-5. In 1859 there was war between France and Austria. The next year an insurrection in Italy resulted in Italian Nationality the following year (1861). In 1866 Italy formed an alliance with Prussia and declared war against Austria. Peace was agreed upon October 3d. In 1870 the Franco-German war began and was concluded in the following year, France losing Alsace-Lorraine and compelled to pay an indemnity of 1,000 million dollars in gold. In 1877 there was a war between Russia and Turkey, with a treaty of peace in the following year.

It was this year (1878) that the International Monesary Conference met and **the existing conditions** were thus described by Dr. Broch of Norway, ex-Minister of Marine and Postmaster-General:

"What is lacking in Europe is confidence. The old régime has been overthrown in Europe and in some respects it deserved to be overthrown: but **there has not yet been established in its place a new system settled and permanent which has been able to gain confidence.** Nobody desires to enter upon far-reaching enterprises now engage in undertakings which a long perspective of peace can alone encourage. Men do not feel confidence *either* in the stability of institutions **or in the permanence of the present boundaries of states.** The situation of the United States of North America can hardly be compared to that of Europe. *Their people have no solicitude about peace,* nor about the stability of institutions." (Third Session.)

Professor J. Thorold Rogers of the University of Oxford, writing in **January, 1879,** said: "The treasure [gold] held by the Bank of France is enormous, being nearly equal to its note circulation. It is understood that Germany has a considerable hoard of gold coin and bullion which for all

ractical purposes is withdrawn from rculation. But to the general fact iat those two countries require a far rger amount of money for purposes of ade than England does—France is ipposed to need three times as much—*ust be added* **that the political relations the two countries are so far unitisfactory as to suggest a further trengthening of their monetary posion.** Nations do not keep more gold id silver than they need; but *they easure their own needs, and sometimes eir fears measure their needs for them.*" Since 1878 there has been no war in urope **but there has existed an rmed Peace,** each of the states increasing the strength of its military id naval forces and **each increasing s hoards of gold just as they have ıcreased their other munitions of** ar. That war, during this time, was mminent, I quote the following. In 887 Professor Marshall in his evidence efore the British Gold and Silver Commission stated that in Europe from 1860 to 1870 there was "actual war," nd from 1872 to 1883 "a period of hreatenings of war." (§9971.) From 1883 to the present, the following exracts from contemporaneous history lemonstrate the existence of an armed peace and the need for increases in the oards of gold by the several states:

NEED FOR INCREASES IN THE STATE GOLD HOARDS: 1883–1896.

1885.

During this year France continued the Tonquin Campaign and in connection therewith "*the question of the recovery of Alsace-Lorraine came up continually.* * * * The Anti-German agitation was kept up by a Patriotic League." The Chamber passed **a new army bill, abolishing "the immunity from** service of seminarists and teachers, and granted exemption only to cripples absolutely unfit to serve even as military clerks or infirmary attendants." Priests were refused exemption "from serving as reservists. The consideration of the bill by the Senate was postponed till the next session." (Appleton's Annual for 1885, title France.)

1886.

The upper German House convened November 26, 1886, and the Government brought in a war measure. It "was declared to be urgent. In view of the political situation the Emperor considered it necessary for the security of the Empire to have it passed before Christmas. The Ministers pointed out that **the peace effective of the French army is now greater than that of Germany.** * * * The Opposition asked the Chancellor to explain by what financial means he proposed to support so large an addition to the imperial expenditure. * * * After many days of excited discussion the bill in the form it was presented was rejected. The Emperor thereupon dissolved the Reichstag and ordered new elections for January 28, 1887." (Appleton's Annual for 1886, title Germany.)

1887.

In Germany the new Reichstag met and "on March 21 **passed by a large majority the army budget which had several times been rejected in the former Reichstags.** On May 20 **it passed a supplementary estimate,** authorizing in the next few years an expenditure of 360,000,000 marks for altering and perfecting the defensive resources of the Empire, providing new equipments for the troops, build barracks and fortresses, laying double tracks on the railroad lines at Alsace-Lorraine, and build new strategic lines, including a railroad to South Germany that will not pass through Switzerland."

During this year **"the secret treaty of alliance** between Germany, Austria-Hungary and Italy is supposed to have been **renewed and signed** by the

representatives of the three Powers at Vienna on March 13." Signor Crispi "intimated that an understanding between Italy and England had secured the *status quo* in the Mediterranean. * * * It is generally understood that if Austria should be menaced by Russia, or Germany by France, the Italian army will form part of the defensive system and the English fleet in conjunction with the Italian navy will be able to guarantee the coasts and the ports of Italy against a French descent."

In France during 1887 "the military organization bill which General Boulanger had prepared was adopted by the new Ministry, and discussion on it began on June 5th. **Seminarists, students and teachers previously exempted from military conscription were to be compelled to undergo training and made liable to serve as reservists.** The one-year volunteer system was to be abolished and an universal obligatory three-year service established instead of the period of five years." The bill was finally abandoned.

"The Chambers authorized the creation of **four new cavalry regiments and eighteen infantry regiments, and voted 7,000,000 francs for the experimental mobilization of the army corps."**

"The apprehensions of war were directed in the latter part of the year more toward Russia than toward France. The tension between Germany and Russia which the Chancellor had before denied was revealed by the attitude of the German press and the interest of Germany in the Balkans was no longer strenuously disavowed." (Appleton's Annual for 1887, titles France, Germany.)

1888.

June 25, 1888, William II. was crowned Emperor of Germany. On August 16 he "delivered a speech at a dinner of the officers of the Third Army Corps, in which he denied the imputation that his father was willing to relinquish a part of the conquered [French] territory as the price of disarmament and lasting peace, and said that in the army there is one opinion and that is 'that we **would leave our entire 18 army corps and 42 million inhabitants lying on the field rather than abandon one single stone of what we have won.'**"

In the autumn "the trial evolutions of the fleet and maneuvers of the army took place on an unprecedented scale. Afterward the young Kaiser carried out his intention of visiting his allies, the sovereigns of Austria-Hungary and Italy."

In France Boulangism was rampant during 1888. "Boulanger's popularity rested chiefly on the military reforms that he had effected as Minister of war. He was regarded among the common soldiers and the peasantry as the creator of an army that was capable or soon would be of **avenging Sedan,** and in his speeches he hinted vaguely of war. The royal voters who formerly adhered to the Empire, at the beck of the Bonapartist leaders, now turned to Boulanger as the embodiment of the idea of personal government which is strong among the French peasantry." In July a duel with swords took place between the Prime Minister Flouquet and General Boulanger, the latter was severely wounded in the throat. (Appleton's Annual for 1888, titles Germany and France.)

1889.

During 1889 Boulangism continued in France. Among other things "the Government decided to arrest and prosecute General Boulanger for seditious conspiracy. The general evaded arrest by fleeing to Brussels in the night of April 1. From there he sent out a manifesto." The general election was held on September 22, which resulted in a Republican majority. * * * The Boulangist candidates in general failed except in Paris." During this year **the army bill of the previous year was passed with amendments.**

In Germany the army budget for the llowing year (1890) included: "The traordinary army estimates amount- g to 139,500,000 marks are for charges cessitated by **the extension of the ligation of military services** and 61,- 0,000 marks are **for the artillery. vo new army corps are formed** by the vision of the fifteenth corps." **In the** ivy during this and the preceding ree years **the number of men was creased about 25 per cent.** (Apple- n's Annual for 1889, titles France, ermany.)

1890.

In Germany during June, 1890, "the eichstag was induced to pass a new my bill **raising the peace effective.** * * The chief reason for tran- ending the limit fixed in 1887 was *the cent augmentation of the Russian and rench forces.*" (Appleton's Annual for 90, title Germany.)

1891.

"In the summer of 1891 **the Triple lliance was continued** for six years ore. The accession of England for cer- in purposes was revealed in a speech f the Italian Premier on June 29, when e said that Italy and Great Britain ad agreed some years before to co- perate for the maintenance of the *tatus quo* in the Mediterranean. * * * he relations between France and Ger- any were disturbed by **more stringent xecution of the passport regulations** i the early part of the year."

"The renewal of the Triple Alliance **timulated the revenge agitation in** rance. * * * The visit of the French eet to Cronstadt on July 23 and the re- eption of the French officers by the mperor Alexander of Russia were garded through Europe as a sign that **n informal understanding if not a ormal defensive alliance had been ar- ived at between Russia and France.**" Appleton's Annual for 1891, titles rance, Germany.)

1892.

In France for 1892 the budget provided that the active army should be **increased by "7,927 men and 1,229 horses, over the figures for the preceding year."**

In Germany during this year there was **a further strengthening of the army:** "In addition to two cavalry regiments attached to the infantry divisions and six field batteries, each army corps is further strengthened by a cavalry division of four regiments with two batteries of horse artillery and one battalion of pioneers and one of train." When her new system "has been fully developed she will have a total force of 4,400,000 trained men, **thus overtaking France** with 4,053,000 men **and remaining slightly behind Russia** with nearly 5,000,000."

The Czar in the beginning of June, 1892, at length returned the visit paid by the Kaiser in the beginning of his reign. (Appleton's Annual for 1892, titles Germany, France.)

1893-1894.

"The all-absorbing question in German politics during the first half of the year 1893 consisted of the Parliamentary struggle against the army bill. The Government considering **an increase of the military forces necessary** introduced a bill into the Reichstag," providing for the desired increase. "The Opposition insisted that the people were unable to stand the increased taxation and that the present taxes were already unbearable. * * * On May 6 the final vote on the second reading of the bill was taken and the Reichstag rejected the measure by a vote of 210 to 162. * * * As soon as the result of the vote was announced Chancellor von Caprivi rose from his seat and read an imperial message decreeing the dissolution of the Reichstag. New elections were ordered to be held on June 15. * * * The new Reichstag convened and

was opened in person by Emperor Wilhelm. In his opening speech the Emperor again called the attention of the Reichstag to the necessity of strengthening the military forces of the Empire and announced that a bill similar to the Hüne compromise would be introduced, which he asked the Reichstag to pass without unnecessary delay. **The bill was adopted June 15,** by a vote of 201 against 185."

Naval Supremacy.

During this year "the Russian Squadron destined for the Mediterranean entered the navy harbor of Toulon, October 13, to return the visit of the French fleet at Cronstadt during 1891." (Appleton's Annual for 1893, titles France and Germany.) **"The French navy is the second strongest in the world. * * * The vessels under construction** in the beginning of 1894 include 10 first-class battle ships, 4 coast-defence battle ships, 9 first-class cruisers, 14 second-class cruisers and 4 third-class cruisers." During 1894 there were ordered several new war vessels for the **Russian navy.** (Appleton's Annual for 1894, titles Russia, France.)

"As a result of the Franco-Russian navy demonstrations at Toulon in October, 1893, which showed the superiority of the French forces in the Mediterranean there was **in England an agitation for an immediate and large increase of the British navy.** About February 1 the Civil Lord of the British admiralty made the definite announcement that the Government had yielded to the demands of the nation. 'The program for 1894-5' he said, 'will show that **there is no intention of forfeiting or even risking in the least degree our relative position.'"** The naval bill when passed provided that the total expenditures upon the British navy "in the next financial year will be 17,366,100£, **an increase of 3,126,000£ [nearly 20 per cent]** over the amount spent last year; and this is only part of a **naval program to be kept up for a period of five years. The number of men in the service will be increased by 6,700."** (Current History for 1894, p. 97.)

And now as to Germany: September 29th of this year (1894) the German Ship Canal was opened. "It is about 61 miles long, 28 feet deep and 200 feet wide; navigable for men-of-war. The Imperial Government voted $25,000,000 and the Prussian Government $12,000,500 for its construction. In place of the long and treacherous passage round the north of Denmark it gives a highway less than one-fifth as long, perfectly safe and entirely within German territory. **It thus practically doubles the defensive power of the German navy.** Strategically, it is of vastly greater importance than the Suez Canal. It is, in fact, a kind of Northern Bosphorus and as such its completion has not been a source of great popular rejoicing in either Russia or France. The harmonies which prevailed during the celebration at Kiel were mingled with some rumbling of political jealousies heard in the background. The movement of the French and Russian vessels, which entered the harbor together, were timed so as to convey an impressive lesson of the close *entente* still continuing between these two great powers. M. Ribot's cabinet had been overwhelmed with abuse at Paris for its alleged lack of patriotism and dignity in accepting the German Emperor's invitation to have France represented at the inauguration of the canal. Speaking of the matter in the Chamber, M. Hanotaux, minister of foreign affairs, explained that the acceptance of the invitation was no evidence of a change in French policy, but merely an act of politeness. M. Ribot, however, went further and spoke of the understanding with Russia as an 'alliance,' a term which no responsible minister up to that time had used. The effect was to rally immediately to the support of the

Government the confidence of the Chamber. The incident served to show **the deep-seated character of the French popular feeling in respect of the understanding with Russia, and of the still cherished spirit of revenge against Germany.** * * *

"In the week preceding the *fetes* at Kiel, **the Czar conferred upon President Faure the grand collar of the Order of St. Andrew,** M. Carnot having been the only previous French president to receive this decoration." (Current History for 1894, 1895, pp. 661. 333.)

Predominance of Military Considerations.

The extent to which military considerations predominate in Europe is evidenced by the following: "Every Frenchman from his 20th year owes three years' service in the active army; ten years in the active army service, during which time he is twice called out for four weeks of training; six years in the territorial army, with fifteen days of exercise; and six years in the territorial army reserve." (Appleton's Annual for 1894, title France.)

This is a fair example of the preparations for war which prevail throughout the great States of Continental Europe.

RESUME.

The foregoing demonstrates that **in Europe the principal states are "armed to the teeth;" each one is apprehensive of its continued existence, and for safety relies upon its military strength.** Part of the munitions of war in each state is, very properly, its hoard of gold; self-preservation is the highest law in practical politics. DURING 1893 and '94 THE GOLD HOARD IN EUROPE WAS INCREASED $328,000,000 (page 192, above).

1895.

France again increased her military force so that "the permanent army is raised nearly to the same strength as that of Germany. * * * The army assessments are increased by 11,000,000 francs and the navy expenditure by 16,000,000 francs. The military expenditures of the colonies have nearly trebled in ten years; * * * new taxes are introduced to provide 56,000,000 francs."

In Germany "great celebrations were prepared and held throughout the Empire to commemorate the twenty-fifth anniversary of the victory of the German army over that of the French." (Appleton's Annual for '95, titles Germany and France.)

Russia turned to her own advantage the war between Japan and China, by placing China under obligations through the Russian Government guaranteeing the loan to pay the Japanese indemnity. **Russia also increased her hoard of gold 68 million dollars.** France reduced her gold hoard by 23 millions of dollars and Germany by 38 million dollars, the depression of business and agriculture overcoming for the time being the tendency to hoard for war purposes. **The Bank of England increased its hoard of gold 57 million dollars and Austria 43 million dollars.**

INCREASE IN NATIONAL GOLD HOARDS, 1895.

Russia	$68,000,000
Austria	43,000,000
Bank of England	57,000,000
United States Treasury Reserve to March, '96	$84,000,000
Decrease:	
Imperial Bank of Ger.	$38,000,000
Bank of France	23,000,000
Net Increase in Hoards for 1895	**$191,000,000**

(These figures appear in the U. S. Bureau of Statistics.)

Use in the Arts (low estimate)	$60,000,000
"Retained by the East, by Africa, by Central and South America" (Sauerbeck)	65,000,000
Total	$125,000,000

Output of Gold 1895 (Sauerbeck)	205,000,000
For use as money 1895.	**$80,000,000**
Increase of Government Hoards	$191,700,000
1895 addition to gold money	80,000,000
Gold withdrawn from circulation, 1895	**$111,700,000**

There was also a

DECREASE OF PAPER CIRCULATION DURING 1895.

France, decrease of	$ 6,000,000
United States, decrease of	31,700,000
Increase.	
Bank of England, increase of	2,000,000
Bank of Germany, increase of	15,000,000
Net decrease, 1895.	**$20,000,000**

(These figures appear in the U. S. Bureau of Statistics.)

TOTAL DECREASE IN CIRCULATION, 1895.

Decrease in Gold Circulation	$111,700,000
Decrease in Paper Circulation	20,000,000
Total Decrease, 1895.	**$131,700,000**

That we are warranted in using the term Hoard under the conditions in which the State Banks of Europe are piling up gold, we quote as authority the following:

BANK HOARDS DEFINED.

Professor Alfred Marshall, in his testimony before the British Gold and Silver Commission, was asked the following question:

"You said in your former evidence that if a bank accumulated more gold than was necessary fully and completely to maintain credit you looked upon that excess of accumulation very much as a hoard which had no effect upon prices? Answer: **I regard it as a hoard.**

"Question: So that if foreign bank or foreign governments in recent year have from various causes been accumu lating more gold than is necessary t fully and thoroughly maintain credi such excess of accumulation would ten to lower the general average of price instead of raising it? Answer: Ye **given the total supply of metals, th larger the part of that supply which i locked up in hoards the lower wi prices be."** (¶¶ 10,121-2.)

The manner in which France, Ger many and Italy protect their hoard of gold is stated by H. L. Raphael, bullion broker in the city of London, i his evidence before the British Gol and Silver Commission, July 11, 1887:

"Question.: Can gold be obtaine without difficulty in exchange for note [paper money] at the Banks of France Germany and Italy? Answer: Th Bank of France gives gold in exchang for notes for small amounts, but not fo large, which of course would be require for export only. In that case specia application must be made to the bank directors, who have always been read to sell a certain amount of their gol bullion, not coin, *at a premium.* Th highest premium I have known of lat years has been 5½ per mille; but th 20-franc pieces are so light from ag and wear that if 20-franc pieces wer obtainable at par it would be preferabl for exporters to pay this premium. Th bank of Germany gives large and smal amounts in gold in exchange for thei notes. They have been known, how ever, to make themselves unpleasant t bankers who have withdrawn large sums, for **they guard their gold very carefully,** and raise their rate of in terest as soon as an export demand set in. I do not know if the Bank of Italy gives small amounts of gold, but i certainly refuses large amounts. In fact, within the last three months gold has been at 1 per cent premium in Italy therefore that speaks for itself." (¶6948.)

During the past three years, *the years in which the increased outputs of gold have occurred,* its exchange value has in England **risen 13 1-3 per cent** and in the United States **30 per cent.**[1]

In 1892 Banker Rothschild of London set forth the manner in which the states on the Continent protect their gold reserves. This he gave in a paper to the International Monetary Conference concerning the position of England and the Bank of England. He wrote "as a Director of the Bank of England," and said:

"What would be the position of the Bank of England if Bimetallism were to be introduced throughout Europe? I venture to think an extremely dangerous one; and if a financial crisis arose, whether from internal or external causes, the bank would be unable to protect its stock of gold and would be inundated with silver. This would not and does not apply to other countries, because the laws which regulate the statutes of their State Banks are not so clearly defined nor so rigorously enforced. For instance, *the Bank of France in ordinary times does not give any really large amounts of gold in exchange for its notes,* **whilst in extraordinary times it adopts very promptly the necessary steps to protect its stock of bullion.**

"What took place when the late war broke out between France and Germany? The Bank of France not only did not pay its notes in gold, but a quantity of Five-Franc Notes were immediately printed, in addition to which the Bank was authorized to issue more notes than it was legally entitled to do according to its charter. *This did not prevent* nor would it prevent *the French bankers from drawing bullion away from this market,* either by sales of bonds on the Stock Exchange or by getting their bills discounted in the open market here.

"As regards Germany, that country has also certainly a gold standard, but it will be difficult **if not impossible to obtain any large amount of gold from Berlin** or from any of the branches of the Imperial State Bank.

"Then, again, as to Italy, **there is a large amount of gold stored away there,** but as in reality it does not see daylight that country might as well not have departed from its paper currency.

"Therefore, to sum up the situation in a few words, London being the center of the financial world, WE HAVE TO BE DOUBLY CAREFUL TO PROTECT OUR STOCK OF GOLD; but if Bimetallism were introduced throughout Europe we should have much greater difficulty in doing so and should be obliged to increase our stock of silver whether it suited us or not." (International Monetary Conference Report, p. 62.)

Since 1892, the year when Banker Rothschild put forth the above statement of facts, the Bank of England has increased her gold holdings from $72,000,000 to $171,000,000 (Finance, Commerce and Immigration" for December, 1895), and during February and March of this year (1896) was offering a premium on gold; February 10th it charged a premium of 1½ per cent to those who wished to export gold (National Bimetallist, Vol. I., p. 247); and March 26th the daily press stated that "The Treasury Department at Washington has instructed the New York sub-treasury to raise the premium on gold bars from 1-16 to 3-16 of 1 per cent. It is intended to meet the action of the Bank of England, which has raised the price of gold bars to 77 shillings 10 pence, and thus practically lowered the rate of exchange at which gold can be shipped from the United States to Great Britain to $4.88½ or $4.88¾."

[1] These rises in the exchange value of gold, or, what is the same thing, the

Now as to the future:

2. *The Future.*

During the coming years the fall in gold prices and silver pric TAKEN AS A WHOLE **is likely to** CONTINUE **because in addition to the la of diminishing returns in mining** (page 179 above) **is the fact th** NEARLY EVERY PORTION OF THE EARTH'S SURFAC HAS NOW BEEN EXPLORED, AND THUS THERE IS LES AND LESS LIKELIHOOD OF DISCOVERING NEW MINES

falls in general prices of commodities, **are facts of history.** These we can "tie to"; they are not estimates nor opinions. In the foregoing sections we enumerated causes which *tended* to lower prices, but necessarily *the extent of each of these causes* was quite indefinite; but the combined result—**the prices made in the markets—are definite data** and these we have given to you, and it is these that we "tie to."

[1]Says President Andrews: **"In the future the production of silver must come mainly from mines or districts now known.** But not only are many of these, and those among the richest, like the Comstock Lode, *worked out*, **but the ones still productive,** such as the Mollie Gibson, the Smuggler and the Aspen, at Aspen, Colo., and the mines of Leadville **must henceforth be worked at a rapidly increasing cost, owing to increasing water and depth."** * * * (Monograph on The Future of Silver Production; p. 113 of "An Honest Dollar.")

Says Dr. Arendt: "Nevada, whence the entire scare about silver proceeded, where the Comstock lode was said to contain so much silver that the price of this must sink to the price of iron, *is exhausted.* The Australian silver mine of Broken Hill with its astonishing wealth, once increasing the silver product by half a million kilograms a year, *is given up.* Whoever reads the reports of the Silver Commission relating to silver production will no longer be beguiled by the stupendous exaggeration in men's minds concerni a limitless production of silver. **are in face of a great decrease in silv production and it is not altered at by any rise in the price of silver** (Review of Reviews for February, translated from the German by Pre dent Andrews of Brown Universit

Before the German Silver Commissi the Gold Standard party "placed the stand as their expert Profess Stelzner, of Freiberg, in Saxony

This is said by Dr. Arendt of Ge many in a paper translated and pu lished in the Review of Reviews, Febr ary, '96. The Doctor continues: "Wh is Professor Stelzner's opinion upo which, of course, the gold party mu lay so much weight touching the pr duction of silver? He writes: 'Whil on the one side it is to be granted th in our days [1894] the production silver increases much faster than th of gold, yet we must at the same tim remember that **the majority of silv mines have their greatest wealth i the region of their outcrop,** and th even in the case of silver producers lik Potosi, Chanereille and Caracoles, lik the Comstock lode in Nevada an Broken Hill in New South Wale **periods of astounding yield are won to be succeeded by periods of fallin off or even periods of entire sterility** LOOKING AT SUCH EXAMPLES, CA ANYONE ACTUALLY PROPHESY A CON TINUING INCREASE IN THE PRODUC TION OF SILVER? THE WITNESS FO HIS PART IS UNABLE TO DO SO."

While on the other hand POPULATION, IF IT INCREASES AND CIVILIZATION PROGRESSES, WILL CALL FOR INCALCULABLE SUMS OF MONEY.[1] AND WILL ALSO CALL

President Andrews says: "The prospect of discovering new silver 'camps' in the United States is exceedingly slight. Where silver occurs at all it usually characterizes a district some miles in extent, over which it gives notice of its presence by many an 'outcrop' or piece of 'float,' the meaning of which no trained eye can mistake. Most of the silver areas which have been specially productive of late were known long before they were worked, and there is probably not a square acre of accessible territory in the Rocky Mountains which has not been searched with all possible care for 'floats.' 'Prospectors' holes dot the mountains everywhere and upon each formation that can possibly be thought argentiferous are the marks of gunpowder. Not an indication of the presence of 'mineral' but has been explored. If new camps should be discovered they will certainly be so remote as to make the cost of development to equal or exceed the reward. **The production of the future must come mainly from mines or districts now known.**" (An Honest Dollar, p. 112.)

The State Geologist of Colorado, T. A. Rickard, says (April, 1896): "Ore deposits are not inexhaustible. **The average life of a productive mine can be measured on the fingers of one hand**; and, therefore, any region *to maintain its output* **must be sustained by fresh discoveries to keep pace with the exhaustion which creeps upon old producers.** SUCH IS NO LONGER THE CASE IN SILVER MINING. The yield of Leadville is maintained because some of its ores carry a heavy percentage of lead as a by-product and others contain iron in such a proportion as to render the output of certain mines valuable as a flux in the smelting of siliceous gold ores. The big veins of Creede are receiving only a half-hearted development. The wonderful bonanzas of Aspen have been sadly impoverished and the mines of Rico are crippled by an insufficiency of exploratory work." (North American Review for April, 1896.)

[1] "The progress of civilization everywhere must multiply exchanges. * * * In Asia, Africa and South America IT WILL CALL FOR INCALCULABLE SUMS OF MONEY, **and it is to be remembered that this civilization will have to advance far before it can employ substitutes for money to any extent.** Next to the English, the Spanish race is foremost in these new lands, a race showing no more facility than the French in the use of banking institutions.

"**Vast tracts of our own country yet remain, and will for a long time, in this relatively undeveloped condition.** The United States as a whole is far more like France in respect to monetary need than like England. Great Britain is supposed to have a sum of metallic money equal to twenty per cent of the amount of her commerce. For the United States the figure is fifty-eight per cent; for France eighty-five per cent." (President Andrews' An Honest Dollar, p. 26.)

In the words of Professor Suess: The principal silver-using countries are Mexico, India, Japan and China. "**They comprise the majority of the human race.**" The progress which the people in these countries have been making for the past few years we have already noted (page 140 above). **A continuance of their progress must call for a larger and larger quantity of money.** In China their silver money has until recently been cast in bars "and the stamp

FOR INCALCULABLE QUANTITIES OF GOLD AND SILVER IN THE ARTS,[1] **and we have every reason to expect that** RUSSIA AND THE OTHER EUROPEAN STATES WILL CONTINUE TO INCREASE THEIR HOARDS OF GOLD,[2] **and w**

of the producer is impressed on it; there is no other guarantee of fineness. Smaller ingots and hemispherical balls, too, are in circulation; they weigh about six ounces and are deeply furrowed with a cold chisel in order to show the interior.

"In the ports foreign thaler pieces circulate, but the Chinese entertain the deepest suspicion against the fineness of the foreign coinage and hence the coining of Imperial Chinese silver pieces would certainly be of the greatest moment for the introduction of a more abundant circulation. The beginning of this has in fact recently been made. Since 1891 a silver piece of the value of a dollar is coined. One side shows the dragon, the other the superscription: 'Current · Coin of Kwang-hsu;' 'Stamped in Canton.' No one may refuse this coin or regard it as a foreign coin. This dragon dollar may perhaps in time acquire the same importance which the Mexican dollar acquired years ago for the commerce of the human race." (The Future of Silver, p. 98.)

Comparative Population of States.

France,	**Gold-Using.**	**38,343,000**
Germany,		**49,416,000**
England,		**27,482,000**
United States,		**63,206,000**
Chinese Emp.	**Silver-Using.**	**402,680,000**
Japan,		**40,072,000**
India,		**280,697,000**
So. America,		**36,420,000**

[1] The use of gold and silver in the Arts increases not alone in proportion to the increase in population but also in proportion to the Progress of Humanity.

[2] Data as to the past is set forth at page 192 and those following.

As to the Future we must bear in mind the fact that "Of late there is a curious tide which is setting the United States [and all other nations] **toward warfare. * * * We appear to be driven by a blind impulse into** modern of thought and action concerning our neighbors that will, if unchecked, bring us to contests of arms. * * * The advance which the world has made in unselfishness, an advance which is fairly betokened by the passing out of this old notion of a peculiar possession in the way of dignity which had to be guarded by arms, is the key to the moral gain of this century; and when we observe the notion *resurging in the minds of men* we may reasonably expect to find that **it marks one of those temporary reversions** in the prevailing on-going of moral development which so often occur in the realm of mind as well as in that of organic forms." (Prof. N. S. Shaler, in the March '96, North American.)

Illustrative of the existing impulse to engage in war are the following facts:

In the United States House of Representatives during the latter part of March, '96, a naval appropriation bill was passed making **a 10 per cent larger appropriation than for '95, a 22 per cent larger appropriation than for '94; and a 30 per cent larger appropriation than for 1893.** Commenting upon this fact the Outlook of New York, in an editorial April 4, says: "Of course one of the principal reasons urged for increased expenditure along this line, at a time when people throughout the country are having to economize, was that Great Britain had this year increased her naval expenditure. Our increase will in turn be used in Germany, Austria and Italy, as a reason why those

military powers surrounded by hostile nations should not fall far behind the appropriation which the American Republic sees fit to make, despite the security given it by its traditional policy against foreign entanglements and the naval aggrandizement which leads to such entanglements. **No nation any longer seems ready to set an example to other nations in the ways of peace."**

In the far East, the conditions for 1896 **are more warlike as concerns the great powers of Europe.** The Outlook in its issue of April 4, '96, says: "The Chino-Japanese war has not only disturbed but destroyed the old equilibrium in the East and has given the Eastern question an entirely new aspect. That a treaty in some form between that country [Russia] and China has been made is now beyond question. The terms of the treaty include an offensive and defensive alliance," and Russia is given many important concessions. "In exchange for these concessions, **which practically make China the vassal of Russia,** the latter country is to stand behind China as a financial support. * * *

"Japan evidently regards the Russian advance as portentous of still greater changes in the future and especially portentous of changes which may affect her own welfare. The aggressive New Power in the East is *arming herself to the teeth* **with a program of naval expenditure and construction second only to that which the English,** perhaps for the same reason, **have outlined.** * * *

"During the past week the announcement has formally been made of the conclusion of an alliance between England and Italy. The Italian navy ranks next after that of France, and, combined with the English navy, would far outweigh the naval forces of any other two or three Powers in the World. This alliance gives England the unquestioned command of the Mediterranean and insures an open and practically undisturbed communication between London and the Far East. * * * The Eastern question has changed its aspect, but *it is apparently no nearer solution than before.* If one were to judge by the far-reaching plans of diplomatists and by the steady growth of armaments **it is not likely to reach a solution** EXCEPT THROUGH THE MEDIUM OF A TREMENDOUS AND DECISIVE STRUGGLE. * * *

"There are evidences of an attempt on the part of Turkey to harass England in Northern Africa. And there is also very good evidence that Germany is attempting to embarrass and harass England in South Africa. * * * **The Boer Republic is rapidly putting itself on a war basis,** and a very significant fact in the situation is the report that over 2,500 Germans have entered the Transvaal during the past three months, and that a force of Zulus numbering at least 60,000 has been organized and commanded by Boer and German officers. * * * The English will not under any circumstances retire from the position they have secured. They will not recognize the independence of the Transvaal. **They will fight desperately for every inch of territory."**

Russia continues to increase her hoard of gold. April 6, 1896, "it was announced from Wall Street that $500,000 of gold would be shipped to-day to Germany and would ultimately go to Russia." (Chicago Record, April, 7,'96.)

That the hoards of gold in Europe are continuing to increase is evidenced by the fact that the volume of money in the United States continues to grow smaller. For April 6 the market report states that "The best informed foreign bankers say that the spring movement of gold to Europe will amount to about $15,000,000 (Chicago Record); this is in addition to the $100,000,000 in gold purchased by the United States Treasury since the first of February and so withdrawn from circulation; and an additional contraction has

know that INDIVIDUALS WILL CONTINUE TO INCREASE THEIR HOARDS SO LONG AS FALLING GOLD PRICES CONTINUE.

There is not only the tendency in the future to falling gold and silver prices *taken as a whole*, **but there is this further fact:** In 1873 the practically constant ratio between silver and gold which had existed for hundreds of years was, through legislation, broken, and silver prices and gold prices *henceforth parted company*, largely as a result of legislation changing the money basis from silver to gold. **Silver Prices continued practically stable up to the present time and Gold Prices have fallen 40 per cent** (page 131 above). As to the future, therefore, we must forecast separately, gold prices and silver prices.

Forecast of Gold Prices.

For the past three years there has been a vastly increased output of gold, **but the use of gold in the arts has also greatly increased, and this with private hoarding is such as to consume nearly if not all of the annual output** (pages 177–179 above), WHILE THE NATIONAL HOARDS OF GOLD HAVE BEEN INCREASING AT A RATE NEARLY EQUAL TO THE ANNUAL OUTPUT.[1] As a consequence of this *lessening and lessening of the quantity of gold in circulation*, **and a constantly increasing**

taken place through the impounding of greenbacks and treasury notes in the United States Treasury, put there in exchange for gold to buy the United States Bonds.

[1] Page 192 above. Additional proof of the fact that the use of gold in the arts and for private hoarding, combined with the increases in the national hoards, has, during 1894 and '95, **not only consumed all the annual outputs,** BUT HAS GREATLY LESSENED THE VOLUME OF GOLD IN CIRCULATION, are the following facts.

In the United States.

The gold exported from the United States during 1894-5 in excess of the imports, amounted during these two years to over 153 millions of dollars (United States Bureau of Statistics). Now this exceeds the total production in the United States (86¼ millions of dollars; Director of the United States Mint), while the use of gold in the arts in this country amounted in 1890 to 1[illegible] millions of dollars (Director of the United States Mint); and for two years at this rate amounted to 36 millions of dollars.

In short, the volume of Gold Money in the United States WAS LESSENED DURING 1894-5, 103 MILLIONS OF DOLLARS, WHILE AT THE SAME TIME OUR POPULATION INCREASED. Nor was this all, for the greenbacks and treasury notes locked up in the United States Treasury increased in quantity 78 millions of dollars; the national banks increased their circulation 5 millions of dollars, and the net gold in the United States Treasury was 15 million dollars less—a contraction in the circulation of 58 millions, which, added to the 103 millions, makes THE TOTAL CONTRACTION 158 MILLIONS OF DOLLARS, WHILE THE POPULATION INCREASED.

THE FALL IN PRICES IS NOTED IN THE TEXT.

emand for money, we find that THE GOLD PRICES OF COMMODITIES CONIDERED AS A WHOLE WENT DOWN 13 PER CENT IN ENGLAND)URING THE PAST THREE YEARS AND ABOUT 22 PER :ENT IN THE UNITED STATES (page 201 above).

Casting ahead from this trend or range, it is manifest that if the resent conditions continue, **the volume of gold money in circulation vill grow smaller and smaller each year. This in connection with he increasing demand for gold in the arts and for hoarding and the ncreasing demand for money above noted will result in** GOLD 'RICES AS A WHOLE FALLING VERY RAPIDLY EVEN THOUGH 80 OR 100 MILLION DOLLARS OF PAPER MONEY S ISSUED ANNUALLY IN THE GOLD STANDARD COUNTRIES.[1]

Now we cannot expect that the large output of gold for the past hree years will continue for many years. *In the past the increased outputs of gold have continued only temporarily.*[2] **As the output of gold slackens**

[1] In discussing the effect of *the "excess of consumption over production of gold"* Professor Marshall says: "I believe that **would increase the tendency to hoard on the part of private persons and of governments."** (Testimony before the British Gold and Silver Commission, ¶9705.)

In 1887 Professor J. Shield Nicholson, of the University of Edinburg, in his testimony before the British Gold and Silver Commission, said: "Taking the demands for gold in the arts and for hoarding in India and the growth of trade and population, **it seems inevitable that there should be a constant and rapid fall in the prices if gold alone is used for money."** (¶5507.)

[2] In addition to the fact that "in the past the increased outputs of gold have continued only temporarily" are the following facts:

(a) "Nearly every portion of the earth's surface has now been explored," and

(b) The law of diminishing returns is at work. From 1850 to 1860, 87 per cent of the gold mined was from alluvium; now only about 33 per cent is from this source; and the lodes get poorer and poorer as they do down.

(c) The new metallurgical processes which have recently been discovered and which, in connection with the increase in the exchange value of gold, *have been the cause of the increase of the output* (p. 186 above) **will in a very few years have used up the vast amount of low-grade ores in sight and unmined and the ores which have been cast aside. When, therefore, the ore now in sight is worked out** IT IS LIKELY THAT THE OUTPUT WILL DECREASE EVEN THOUGH GOLD CONTINUE TO INCREASE IN EXCHANGE VALUE CONSIDERABLY. The importance of the fact set forth in this paragraph is deserving of your most careful attention. Its importance as concerns the probable output of gold in the near future cannot well be overestimated. And there is this further very important fact:

(d) The improvements in mechanical contrivances in mining have been such "that now a mine may be opened up in weeks or even days where it once required months," and when opened up the work is pushed with proportionate rapidity, **thus shortening the life of each mine most materially.**

Edward Suess, Professor of Geology

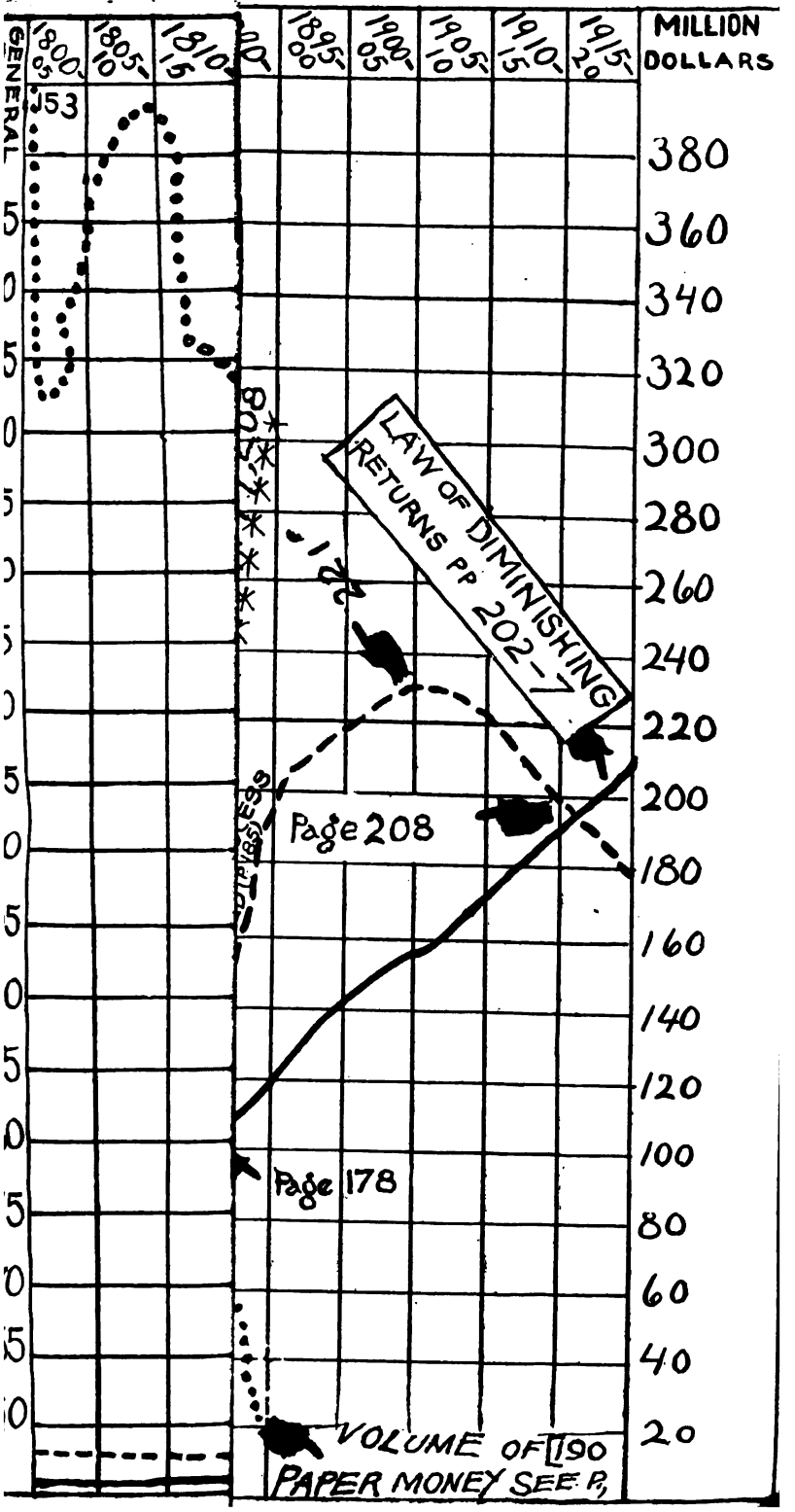
gold prices will go down MORE RAPIDLY THAN AS ABOVE FORECAST, **unless there is a proportionate increase in the issues of paper money.**

If instead of Prices as the gauge we take the volume of gold money in circulation, it is manifest that if during the past three years the volume of the money in circulation *has been growing smaller and smaller*, that with *decreased outputs of gold and the population of the world remaining stationary* **the time will be comparatively short when** ALL THE GOLD MONEY WILL BE WITHDRAWN FROM CIRCULATION. In the words of Edward Suess, Professor of Geology at the University of Vienna, Vice-President of the Imperial Academy of Science and member of the Austrian Parliament, after he had pointed out the conditions above stated: "Assuming that the system of metallic coinage continues to exist * * * silver will become the standard [money] metal of the earth. * * * **The question is no longer whether silver will again become a full-value coinage metal over the whole earth,** but WHAT ARE TO BE THE TRIALS THROUGH WHICH EUROPE [AND THE UNITED STATES] IS TO REACH THAT GOAL?"[1]

The above statement that silver will become the standard money metal was put forth by Professor Suess in the early part of 1892, and he further said: "The process is developing in this direction but evidently more rapidly than I thought probable in 1877, for it appears that *events of this kind*, which in other ages would belong to a more remote future, are able, with the sensitiveness of the present communication, *to produce as soon as they become recognizable* **a potential downward grade which hastens their own advent.**" This was written in the early part of 1892, and gold was being withdrawn from circulation more rapidly than was thought probable in 1877. *The three years since 1892 demonstrate* **an acceleration of the speed with which gold is being withdrawn from circulation.**

at the University of Vienna, sums up the above points in the following words: "To-day, as thousands of years ago, the regions of gold extraction lie at the boundaries of civilization. In Europe hardly a few remnants of the former wealth have been preserved here and there. Only where virgin areas are entered is gold found in greater quantities. The more quickly greed drives man forward into the wilderness the more rapidly are the treasures exhausted, but **we are approaching nearer and nearer to the end,** AND THE TRANSIENT RISE **in the annual output** CHANGES NOTHING AT ALL THE FINAL OUTCOME." (The Future of Silver, p. 49.)

[1] The Future of Silver, pp. 100, 101. This work has been translated and is published in the United States by direction of the Committee on Finance, Senate of the United States.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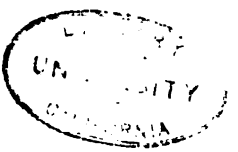


Gold being withdrawn from Circulation with Acceleration of Speed.

In 1893 and '94 the amount withdrawn from circulation for state hoards was about $300,000,000, and for the next year it was $191,000,000 (and would have been about $100,000,000 more had Germany and France increased their hoards, but Germany issued large quantities of gold and paper money to raise prices in hopes of "killing the silver craze;" page 582, below, and France used hers to meet a deficit in the revenues but has since increased her taxes, page 199, above). **The Russian method of preparing for war by hoarding gold and letting the people use paper and silver is gaining ground.** Germany, France and Italy are *in self defense* increasing their hoards of gold and the events of the past three years demonstrate a tendency to increase these hoards as rapidly as Russia increases her hoard. How long before practically all the gold will be withdrawn from circulation? **Then there are these additional drains upon the gold in circulation:** Italy, Spain, Portugal and Greece have lost their gold and are on a paper basis, **but are endeavoring to obtain gold,** and the same is true of Argentina, Brazil and Chili. Brazil in the spring of '95 authorized the issuance of $50,000,000 of bonds for the retirement of paper money. **Where will these countries get their gold?** In the United States at the present writing there is practically no gold circulating from hand to hand. Of the amount accredited to England about one-half lies in the Bank of England vaults. The Bank of France (a governmental institution) has now about one-tenth of all the gold in the world in her vaults. Russia has an equal amount in her "war-chests." The Bank of Germany (a governmental institution) has a little over one-half as much gold as the Bank of France. The Bank of Austria (a governmental institution) has about one-half as much gold as the German bank. The National Bank of Italy has about 57 million dollars in gold. The United States Treasury had in the early spring of '96 about 130 million dollars in gold, and the national banks within the United States nearly as large a sum.

In the face of the facts above stated, namely, the rapidly diminishing quantities of gold in circulation and the inferences to be drawn as to the future, we find that there are those who are advocating a *continuance of gold as the measure of general prices.* And they do this in the face of the following additional fact:

Tendency to Universal Gold Monometallism.

The world is at present divided commercially (because of the fluctuations in the market ratio between silver and gold). That THIS CANNOT CONTINUE is evidenced by the fact that **one country after another has had her monetary legislation changed so as to put her**

on the gold standard. Austria in returning to a specie basis has had her legislation so directed that the low gold prices is the basis. So Roumania and Chili are also in the clutches of the moneyed interests and are attempting to keep general prices low enough to maintain the gold standard. Brazil is being brought round to it and this against her best interests, just as our legislation in 1873 was against our best interests. Venezuela in the early summer of this year (1896) has been put on the gold standard of low prices and the decree incorporated in her constitution. British India has her mints closed against the unlimited coinage of silver and this is simply preparatory to driving the prices of her products down to the gold standard of prices. During the year that the Indian mints were closed, Santa Domingo was put onto the gold standard of low prices.[1] Russia has authorized the making of contracts payable in gold[2] and is about ready, it is said, to be shoved down to the gold standard of prices.[3] Persia is about to be put down to the gold standard of prices. The following countries have lost their gold circulation, but their laws are such that they are endeavoring to regain it: Argentina, Portugal, Spain, Italy and Greece.

Fellow citizens, **think of the meaning of all these countries endeavoring to take their proportion of the gold which is now in this country and the European countries!** Where will the exchange value of gold go to when the peoples of these countries, MORE VAST IN THE POPULATION THAN ARE THE COUNTRIES NOW USING GOLD, join in the struggle for it and and get their proportion? If gold as the measure of exchange value is continued *there will be a continuance of falling prices.* **With a continuance of falling prices the**

[1] The Journal of Political Economy, September, '94.

[2] "A law was promulgated on May 29, 1895, permitting gold contracts, which have heretofore been forbidden." (Appleton's Annual, 1895, title Russia.)

[3] "Up to March 17th, Russia's Ministry of Finance had been in a state of indecision concerning the adoption of the gold standard and had followed the different phases of the Bimetallic and Monometallic strife with great attention. On that date, telegrams, which are now known to have been false, conveyed to St. Petersburg the news that the Bimetallic Resolution, moved in the English House of Commons, had been defeated. It was the triumph of Monometallism and thereupon the Minister of Finance—whose action had been determined by the tendency of England, whose influence over countries [in this respect] is recognized—brought forward on March 26th, nine days after the vote of the English Parliament, his scheme of monetary reform, which was to establish a gold standard in Russia. When, however, the text of Mr. Balfour's speech came to hand, and the news of the unanimous adoption by the House of Commons of the very motion which the telegrams had announced to be defeated, the Minister who had asked for the immediate discussion of his scheme *adjourned it until the Autumn.*" (The British Bimetallist, May, 1896, from the Economiste Européen.)

disintegration of the economic forces will continue, the "running down" process growing in intensity IN PROPORTION TO THE LENGTH OF TIME THE PRICES CONTINUE TO FALL (page 80 and those following); CIVIL WAR WILL REPEATEDLY BREAK OUT AS IT HAS UNDER FALLING PRICES IN THE PAST (page 88, above); GOVERNMENTS TO KEEP IN POWER, WILL "LET LOOSE THE DOGS OF WAR" ON THEIR NEIGHBORS AND SOCIETY WILL RETROGRADE UNTIL FALLING PRICES BE PUT A STOP TO BY THE USE OF SILVER MONEY OR PAPER MONEY. In case this *is not done*, then we shall continue to retrograde, just as nations have done in the past under a continuance of falling prices. Charles Darwin, who carefully studied the progress *and decline* of civilizations, drew from the facts of history the principle that "Progress seems to depend *on many concurrent favorable conditions.* * * * We are apt to look at progress *as normal* in human society, **but history refutes this.**" Fellow citizens, we beg of you to carefully consider the effect of falling prices and remember that in the battle which is now on in the United States the difference between listlessness on your part and active, earnest, hard work may turn the tide to stable prices. Remember that each one of you is a force for good or evil, and that your duty to your Creator is to help with all your might to place humanity on higher and higher levels. Your conduct and that of a majority of the voters of the United States determine the question of whether we will Progress or Retrograde. The question of a continuance of falling prices or rising and then stable prices is a momentous one; it cannot be overestimated. In the words of President Andrews of Brown University, after calling attention to the statements issued by those who had studied the Effect of Falling Prices: "But **I doubt if even those writers,** strong as their language often is in deploring the friction and wreckage which they describe, **have expressed the whole truth.**" And again he says: "**I for one am convinced that the slow contraction of money was among the most potent causes of the dissolution of Rome.**" To the same effect is Alison's History of Europe. In the words of Edward Suess, Professor of Geology in the University of Vienna: "For a number of years on the basis of geological experience the world has been warned that *its entire monetary system* [so far as founded on gold as the measure of general prices] **is drifting toward an abyss.** DURING THE PAST YEAR [1892] WE HAVE APPROACHED CLOSE TO ITS EDGE." IN 1893'-94 WE WERE IN THE "PIT." In 1895 paper money and gold were issued in Germany in large quantities so as to give rising prices for a time and thereby kill the desire for rising prices ("kill the silver craze") (page 582, below). It is likely that the moneyed interests will do what they can to keep up prices until after election, **but once the election is**

secured by them, THE SAME OLD DEADLY FALL OF PRICES WILL, AFTER A SHORT TIME, CONTINUE.

And now for a forecast of Bimetallic Prices:

Forecast of Bimetallic Prices.

In a preceding paragraph we pointed out that gold and silver prices *taken as a whole* "have been falling" (p. 189 above); and that "in the future the fall in gold prices and silver prices *taken as a whole* **is likely to continue;** (page 202, above.)

If in the near future the United States enacts a law giving free coinage to silver and gold at the present legal ratio (16 to 1), the increased demand for silver and the decreased demand for gold will cheapen gold, and silver will increase in exchange value, but **it probably will not make much difference in the combined output from the mines, except as silver rises more than gold falls.**[1] It will have this effect, however, on the demand for gold in the arts: The rising prices in the United States and throughout all the gold-using world will set in rapid motion all the industrial forces, resulting in "good times," and with good times the use of gold in the arts will increase very greatly, while the use of silver in the arts will not increase so rapidly, gold being largely used in its place. And besides this, the cheapening of gold will add to the quantity used in the arts.

After the rising prices which result from the change shall have taken place, then we must look for slight falls in general prices unless paper money is added in sufficient quantities to maintain them. **This is demonstrated by the trend of general prices for the past hundred years,** (page 189, above.)

In case the United States shall not succeed in reëstablishing the ratio of 16 to 1, **then prices in the United States will be somewhat higher than they would be were the 16 to 1 ratio secured,** AND IN THE FUTURE THERE WILL BE NOT QUITE SO GREAT A TENDENCY TOWARD FALLING PRICES. As to what would be the future of Silver Prices in the United States, we should remember that from 1873 to 1893 the silver-using countries would have experienced severe falls in general prices had not several other countries changed their money from silver to gold, thus giving to these silver-using countries *a supply other than from the mines.*

[1] In short, the increased output of silver, owing to the working of mines which previous to this time it did not pay to work, will probably about equal the lessened amounts of gold mined owing to the closure of mines on account of the cheapening of gold. To the extent that silver rises in value more than gold falls, there will be an increase in the combined output, but it will take some time to open new silver mines.

It will help you to understand just how a continuance of an increase in the measure of exchange value will Injuriously Affect Society for us to consider the matter somewhat in detail :

3. *The Effect of a Continuance of Falling Prices.*

a. PAST HISTORY.

Less than 3 per cent of the people of the United States own more than one-half of all its wealth, and of the remaining half of its wealth a considerable portion is owned in England and on the Continent. THIS IS LARGELY THE RESULT OF THE APPRECIATING GOLD MEASURE—A MEASURE WHICH HAS INCREASED IN SIZE OVER 85 PER CENT IN 23 YEARS.

There is this further fact. **The moneyed interests have Controlled the Supplies of Gold in such a way that they have reaped great profits.** Instances of how they have done this are as follows: In the United States they have sold great quantities of stocks and have then attacked the gold reserve in the United States Treasury. This frightened the people financially and caused stocks to fall in price. Then, just before they ceased the attack, they each time bought in all the stock which they had sold and about as much more, so that when the reaction came they again reaped large profits.

Another favorite way has been to sell stocks just before making large shipments of gold from the country. Sometimes they have exported large quantities of gold when the rate of exchange was considerably below the shipping point and therefore people were not expecting that the volume of money would be lessened.

"Cornering" gold is another favorite method of the great moneyed men of Europe and the United States. Instances of this occurred during the war. Comparatively recently the practice has been revived; the syndicate which furnished the United States Government with gold in February, '95, exacted 16,000,000 dollars profit, and it was agreed with President Cleveland that they should manipulate the rate of exchange so as to protect the gold reserve. The way they did this and at the same time "played" the stock market is a matter of history. January, '96, the Government had to purchase more gold and Banker Morgan formed another syndicate, but such a furore was raised in Congress that the President asked for bids from the public and the syndicate was dissolved.

Further than this there is the fact that through the moneyed interests *controlling the supply of paper money* **they have put general prices up and down just as a few of the leaders have chosen to inflate or deflate the volume of money** (pp. 382, 444, 582 below). Knowing before-

hand the course which prices would take, they have bought or sold property and credits, just as would make them the most money. This is one of the reasons why so large a per cent of wealth is in the hands of so few individuals.

But the worst abuse of the public by the moneyed interests through controlling the supply of paper money remains to be told. In 1893 the moneyed interests, to secure the unconditional repeal of the silver purchase law, contracted the credits and in other ways helped to bring about a financial panic (p. 509 below). Previous to this time they had so controlled legislation that **there was no provision whereby the people could secure supplies of paper money to take the place of the money which had been hoarded.** THUS THE MONEYED INTERESTS HAD THE PEOPLE AT THEIR MERCY SO LONG AS THEY COULD KEEP THE MONEY HOARDED, AND THEY KEPT UP THE PANIC UNTIL THEY WERE SURE OF THE UNCONDITIONAL REPEAL OF THE LAW WHICH WAS ADDING 54,000,000 OF DOLLARS EACH YEAR TO THE MONEY VOLUME. In the meantime the bankers issued paper money to themselves in the form of clearing house certificates, but loaned it principally in the parts of the country where the Congressmen and Senators favored the legislation advocated by the moneyed interests. (Page 512 below.)

What we ask in this election is that the principle be recognized that Stability in the general prices of commodities be the desideratum. To attain this in the Future we should go to the bimetallic standard, thereby securing a larger volume of standard money (and the doing away with all partly-standard money), and the volume of paper money should be controlled by the Government so as to supplement the specie in maintaining stable general prices. This, and a provision for emergencies whereby all financial panics may be averted, is what our ticket stands for. In short, it stands for Stable Money. **On the other hand, the "Sound money" ticket stands for a continuance and intensification of the conditions which are now existing and which have existed for the greater part of the past 23 years.** LET US LOOK TO THE FUTURE AND SEE WHAT A CONTINUANCE OF THIS MEANS:

b. AS TO THE FUTURE.

The direful effects of a *continuance* of an appreciating measure of exchange value (a continuance of falls in general prices) and the control of the volume of paper money by individuals, are manifest when it is considered that **the wealth now in the hands of a few individuals will increase at a more than geometrical ratio,** for after a certain quantity of

wealth is attained the interest is not used up but is compounded, whereas the wages which the other individuals receive must be nearly, if not quite, expended in caring for themselves and families, including support in old age.

The effect of this compounding of riches, with its *corresponding decrease in the amounts which wage-earners can save up*, is one deserving of more thought than has been given to it. I have no patience with any proposition advanced having for its object the exemption of an individual from taxation *because he earns less* than another—an income tax with a minimum limit—but the question as to limiting the amount of *gifts* which can be received and, above all, stopping the increase of riches through an appreciating measure of value—*a system of legalized robbery*—are entirely different propositions.

To illustrate how serious a hindrance to the progress of humanity is the unjust distribution of the yearly products as brought about by the appreciating gold standard whereby the 3 per cent are enriched at the expense of those who are not creditors, we call attention to the fact that history shows that **after a certain amount of wealth is obtained each increase is usually to the detriment of the person receiving it; and it is especially detrimental to his children.** This the observation of each individual will bear out. The individuals who take highest rank in the standard of their wants and activities do not as a rule come from the "wealthy" class. And those individuals who devote their talents and time to "money-getting" and are successful, are usually injured by the intemperate use of their wealth and the release from regular work which their wealth permits. The injurious results are intensified in their offspring as there is wanting the spur to the formation of habits of industry and temperance which the necessities of less wealthy families inculcate. Degeneracy is going on in the human family simultaneously with advancement. The "surrounding conditions" of the wealthy class are such that degeneracy results in at least 95 per cent of the cases. The *degree* of degeneracy varies greatly. In the Roman Empire the degenerating conditions more than offset the conditions for advancement; she fell and her people lapsed into barbarism.

We now ask you to recall to mind the fact that in the future "the wealth *now* in the hands of the few individuals *will increase at more than a geometrical ratio.*" And we ask you to recall the further facts which we have pointed out concerning the methods *whereby the great moneyed interests are, through speculation, doubling and trebling their wealth.* Our proposition is this: **If one-half of the wealth of the United States is** NOW **owned by less than three per cent of her people,** WHAT WILL THE FUTURE YEARS BRING FORTH UNDER A CONTINUANCE OF FALLING PRICES? For instance: What will be the

relation of the people of this continent to the great creditors in England and on the Continent? Already the people of the United States are so loaded down with debt through the shifting of the measure of value (falls in general prices) **that we are not paying the half of our interest charges,** THE BALANCE OF THE INTEREST BEING COMPOUNDED ANNUALLY.[1] How long before this will make us and other American States mere dependencies to the great creditor countries of Europe? And how about the wars which will ensue?[2]

[1] "Our Debt Abroad" by Gen. A. J. Warner, National Bimetallist, October 30, 1895.

The Chicago Tribune in an Editorial, September 17, 1895, said: **"The people of the United States are running behind in their business with foreigners** FULLY $200,000,000 PER YEAR. * * * THE SITUATION IS A GRAVE ONE."

[2] From past history we can cast ahead. The following is "past history" and is as set forth by Henry C. Adams, Ph. D., in "Public Debts" published, 1895, by D. Appleton & Co.

It is international law that a foreign state may at its discretion enforce the contract rights of its citizens against another state or any portion thereof. It is manifest, then, that although "payment of a domestic debt may be refused with impunity, **there is no such thing as repudiation of a foreign debt, except through the acquiescence of the government of which the creditor is a citizen."** For this reason the bonds of a government may readily be sold abroad, provided "the government borrowing has jurisdiction over a docile people working a rich soil and makes no pretensions to military or naval strength. They who purchase such bonds place little confidence in the honesty of the borrowing state, but they have every reason to rely upon the willingness of their own government to enforce the contract." **An illustration of how a people may lose their independence and become enslaved to a creditor class is Egypt:**

"Egypt is said to be a dependency of Turkey, although by the treaties of 1841, 1866 and 1873 she secured administrative independence. At the present time she is deeply in debt. The per capita debt is 19£ 15s, and an annual per capita charge of 18s. 4d. The real weight of these obligations will be the better perceived when one learns that *in 1878 three-fifths of the entire Egyptian revenue went to the support of the debt service.* * * *

In 1878 an additional loan of 8,500,000£ was placed by the Rothschilds of London and Paris. The basis of this loan was family property of the Khedive, transferred to the state and applied to the support of the debt. The sixth article of the decree creating this debt is as follows:

"In order further to secure the said loan, a Special Commission will be formed to administer the said property. The Commission will be composed of three members—an Egyptian, an Englishman and a Frenchman; and it shall be under the direct control of the Council of Ministers.

"The two foreign members will be appointed by us on the nomination of their respective Governments.

"The functions of the said administrators will be as follows:

"(a) To manage the property.

"(b) To collect the revenues.

"(c) To remit all the net revenues to the contractors of the loan.

"To this arrangement both the English and the French Governments assented, although both, in assenting,

disavowed all responsibility for Egyptian affairs. In 1879 Ismael Pacha was forced to abdicate, and in August of that year Prince Tewfik was formally invested with power. The practical result of this step was that **the entire administration of the country was thrown into the hands of England and France,** THROUGH TWO CONTROLLERS-GENERAL. The decree establishing these offices is so pertinent to our subject that I give it in full. it is as follows:

"'Art. I. The Controllers-General have full powers of investigation into every public service of the State, including that of the public debt. ***Ministers and all public officials of every rank* are bound to furnish the controllers, or their agents, with all documents they may think fit to require.** The Minister of Finance **is bound to furnish them weekly with a statement of receipts and expenditure. Other administrations must furnish the same every month.**

"'Art. 2. The Controllers-General can only be removed from their posts *by their own Governments.*

"'Art. 3. The Governments of England and France having agreed that for the moment the Controllers-General will not take the actual direction of the public service, their duties are limited at present to inquiry, *control and surveillance.*

"'Art. 4. The Controllers-General take the rank of Ministers, and will always have the right to assist and speak at the meetings of the Council of Ministers, but without the power to vote.

"'Art. 5. When they deem it necessary, the Controllers may unite with the Commissioners of Public Debt **to take such measures as they may deem fit.**

"'Art. 6. Whenever *they* may deem it useful, and at least once a year, the Controllers will draw up a report on all questions for the Khédive and his ministers.

"'Art. 7. The Controllers have **the power of naming and dismissing all officials whose assistance is of no use to them.** They shall prepare a budget; and monthly statements of all salaries and all resources shall be made to them.'

"The foreign appointees under this decree were Major Baring and M. de Blignières, and their first report contained the information that Egypt was bankrupt and could not meet in full her obligations. The next move was the appointment of an International Commission of Liquidation, and, by the construction of this commission, the Egyptian debt question was declared to be a question of European politics. Besides those states that had already taken a hand, Germany, Austria-Hungary and Italy were invited to assist by council and vote. It was against such interference in domestic administration that the national party, headed by Arabi Pacha, arose in rebellion. Their cry was, Egypt for the Egyptians. Perhaps they meant, as was claimed in England, *Egypt for the Egyptian army.* But what is pertinent to the subject in hand is that this revolution led to *an armed interference and an armed occupation of the country by a foreign power.*" THUS WERE EGYPT'S PEOPLE DELIVERED OVER TO PRACTICAL SERVITUDE. "The measure of this servitude is found in the annual foreign payments on account of the Egyptian debt, all of which, roughly speaking, passes out of the country. For the year 1882 the receipts of the Egyptian government were $44,800,000; the annual debt charges for the same year, including payments to the sinking-fund and payments upon preference bonds, amounted to $25,000,000. It may be fair to deduct from this amount the sum of $7,000,000 chargeable to the earnings of property created by the investment of

We must remember, however, that EVEN NOW **the moneyed interests dictate our financial laws** (proof of this is the increased and increasing measure of value), and THUS THEY VIRTUALLY ENSLAVE US WITHOUT EXPERIENCING THE TROUBLE OF SEEING THAT WE ARE KEPT AT WORK NOR OF BURYING US WHEN WE DIE. Our financial laws have been dictated by the moneyed interests and *the extent* to which they have benefited themselves **has been pointed out to you in the above pages.** The Unearned Benefits *which you are being constantly obliged to give up to them brands you as their slaves,* **and this is backed up by the further fact that in 1893 you were choked and beaten, metaphorically speaking, until they secured additional legislation in their favor.**

And what do the hired men say? Surely they must have some plausable excuse for continuing the falling prices of the gold standard!

3. Defense of the Beneficiaries of Falling Prices.

What the Hired Man Says.

Laughlin, in his book published in 1895 for distribution among the voters of the United States, and who appeals to them under the title "J. Laurence Laughlin, Ph. D., Head Professor of Political Economy in the University of Chicago," says: "To assume that the present gold standard needs tampering with on the ground that prices have fallen because gold is scarce, is to propose a reckless policy on a reason absolutely contrary to the facts and based merely on theoretical abstractions."[1]

In this chapter he argues that the great fall in general gold prices of commodities since 1873 is not due to a scarcity of gold; **a manifest fallacy, for had the quantity of gold increased sufficiently there would have been no fall in general gold prices.** Several of his arguments have been examined in the preceding pages and the fallacies pointed out. He does not take under consideration the probable future of the supply of gold and the demand for it. **From his explanation of how in the**

borrowed capital; but there would even then remain an annual payment, from the proceeds of taxes, of $18,000,000 passing each year out of the country. If we call to mind the number of English officials of Egypt, the foreign control exercised over her internal affairs, and the management of her taxing machinery in the interest of public creditors, **are we not justified in saying that the days of tribute have returned?** IS THERE NOT AGAIN ESTABLISHED BETWEEN STRONG CREDITOR AND WEAK DEBTOR STATES THE RELATION THAT FORMERLY EXISTED BETWEEN ROME AND THE BARBARIAN PEOPLES?" (See also opposite page.)

[1] Facts About Money, p. 194.

"TO BE SPIKED."

past the falls in the general prices for commodities were not due to a scarcity of gold HE LEAVES IT TO BE INFERRED THAT IN THE FUTURE THE OUTLOOK FOR THE SUPPLY OF GOLD AND THE DEMAND FOR IT IS OF NO PARTICULAR CONSEQUENCE. His exact words are: "To assume that the present standard needs tampering with on the ground that prices have fallen because gold is scarce is to propose a reckless policy on a reason absolutely contrary to the facts and based merely on theoretical abstractions."

What a Political Tool Says.

The Director of the United States Mint, a lawyer by profession, has put forth an argument for the continuance of the gold standard. It appeared in the North American Review for January, '95. It was entitled The Future of Gold. He concludes the article with this statement:

"The fact is that the production of gold was never so rapid as it is to-day. When the yield of the Californian and Australian gold mines was at its highest, 1856-60, Michel Chevalier and other economists began to inquire what measures governments should take to prevent the depreciation of the yellow metal [prevent rises in general prices], and some even proposed its demonetization. Yet now, when the production of even 1856-60 is exceeded, and when the value of the annual product of gold alone is almost equal to that of the production of both precious metals before the depreciation of silver began, all the economic evils from which the commercial, agricultural and industrial world is suffering are ascribed to the scarcity of gold! What better refutation can there be of such a fallacy than the figures adduced in the foregoing pages [showing the Supply of gold]? They are more convincing than words: for if there is any scarcity of gold now when was there plenty of it?"

Let us review the above: **He omits to state that general prices have been** FALLING **during this increased production of gold.** Strange, isn't it, that he, in considering "the Future of Gold" should have overlooked such a little thing as the Demand for gold and barometer (General Prices) which shows the relation between the supply and the demand. As to the future of *gold prices* this appointee has nothing to say. He simply considers the *supply* of gold in the future.

As to the Future Supplies of gold **he does not admit that there is such a thing as a law of diminishing returns from gold mines.** He says: "There are no indications whatever of a falling off in the future of the productiveness of the gold mines of this country. * * *

"It is to be expected that the production of Australia will continue to increase at about the present rate at least for an indefinite period."

For a person to attempt to forecast the future of the gold supplies

and not make allowance for the law of diminishing returns, brands him either as incompetent or as attempting to conceal the truth.

Mr. Preston, in considering **the outlook for gold in South Africa** sets forth the report of a mining expert sent there by the German government in 1893, but these figures estimate that "at the average rate of increase of the gold product of the Witwatersrandt the exhaustion of the lodes on this tract would occur about the year 1919;" in other words, **this gold field will be worked out in 25 years.** "This calculation was made on the estimation that a depth of 2,625 feet had been reached." The average amount per annum for these 25 years from this district is calculated at 68 millions of dollars—not a very large amount.

Here Mr. Preston quotes the figures of experts *and so has to admit that mines become worked out.*

Another claim of Mr. Preston is that "in South Africa it has been demonstrated that the gold contents *increase with the depth.*" This is said, without giving figures, to refute the proposition which Professor Suess laid down in 1877 concerning the supply of gold. It would seem that Mr. Preston would have done well to have quoted the statistics which show that in South Africa the gold mines increase in richness with increasing depth, but, **as the statistics prove just the opposite,** HE, OF COURSE, PREFERRED TO HAVE THE AMERICAN VOTERS TAKE HIS WORD FOR IT.

Professor Suess, writing in 1892, gave the statistics which show that in the South African gold fields the mines *grow poorer as they increase in depth,* see page 181, above. To the same effect is the following by Mining Engineer Rickard:

"The Director of the Mint, in contradiction to Professor Suess, submits that in South Africa it has been demonstrated that the gold contents of the ore increase in depth. To a mining engineer, experienced in gold mining and conversant with its vicissitudes, this is a surprising statement. The theory that lodes become richer in depth is **a vain imagination of the visionary company promoter, which has long ago been discredited by geological science and mining experience.** If it were so why would people waste their energies in surface workings, why would they not sink shafts at least 4,000 feet deep and work upward? Such a proceeding would indicate both a logical sense and a proper knowledge of the best mining methods. The yield per ton of the ores of the Witwatersrandt, the chief gold producing area of South Africa, has been as follows during the past seven years:

1888	22.65 dwts per ton.	1892	10.20 dwts per ton.
1889	19.60 " " "	1893	10.60 " " "
1890	13.36 " " "	1894	9.86 " " "
1891	11.23 " " "		

"The steady decrease in the yield is due to the general exhaustion of the bodies of higher-grade free milling ores occurring near the surface."

Mr. Rickard then takes up Mr. Preston's article, point by point, and shows many untrue statements. The facts set forth by Mr. Rickard are quoted in the preceding pages. In concluding his article Mr. Rickard says: "When the statistics of gold production are interpreted as a *refutation* of the idea that gold for monetary purposes may become scarce, then **the mining engineer,** saturated with the brutal facts of gold mining and familiar with the conditions under which those statistics are created, **may venture to warn the community against the conclusion that a few figures are all that is necessary to an understanding of the future of gold."**

Mr. Carl Snyder in an article in the Review of Reviews for February, 1896, entitled "That Flood of Gold," tells the citizens of the United States why they should not vote for the free coinage of silver along with gold. He understands mining thoroughly and I quote his statistics in the preceding pages to show *why we must reinstate silver.*

The fallacy in this article of Mr. Snyder's

A Miner's Fallacy

is that he discusses the money question by leaving out the Demand for gold and that which indicates the relation between the supply and the demand, namely, General Prices.

We have now presented to you five points, as follows:

(1.) Stability in the general prices of commodities is the desideratum—Stable Money is the desideratum.

(2.) In the United States the measure of exchange value has increased in size 100 per cent since 1873, over the average of the 11 years 1867-77.

(3.) The legislation in 1873 which repealed the bimetallic laws broke the constancy in the ratio between silver and gold, thus dividing the world commercially into gold standard and silver standard countries. This has injured the gold standard countries.

(4.) The partly-standard silver money now in use in the United States is the result of the legislation secured by the moneyed interests to prevent a return to the use of silver at its bullion value and on an equality with gold. The presence of this money has resulted in financial disturbances and panics which have greatly injured non-producers as well as producers.

And lastly,

(5.) The outlook for gold prices is that they must in all probabil-

ity continue to fall. Based on geological experience and a continuance of the use of gold in the arts, there is no probability but that, if the nations now on the gold standard continue so, the fall in gold prices must continue but with an acceleration of speed—a result fearful to contemplate.

Let us now turn and take up the remedies which the existing conditions demand:

VI. REMEDIES.

The desired end is to secure for the future a stable measure of value—stable general prices,—the reuniting of the world commercially, and the partly-standard silver money changed to full standard.

First we will consider the Bimetallic Standard:

A. *THE BIMETALLIC STANDARD (BIMETALLISM).*

Bimetallism is a term in common use, but as to what the word stands for there is a difference of opinion. There are, however, Historical Facts (Truths) which all admit. We will state some of these, review them, **and thus arrive at the meaning of the term Bimetallism—Bimetallic Standard.**

I. Historical Facts.

a. The Market Price of gold and silver bullion in London from 1793 to 1873 continued at **practically a constant ratio.**[1]

b. During a portion of the 81 years which intervened from 1793 to 1873, the exchange value of the world's production of silver was more than three times the exchange value of the gold produced, and for another portion of the time the exchange value of the gold produced was more than three times the exchange value of silver produced; in other words, **part of the time the production of silver to gold was in its value as 3 to 1, and during another part of the time the proportion stood 1 to 3.**[2]

c. A third historical fact is that during the 81 years from 1793 to 1873 France and the United States, and since 1865 the members of the Latin Union (consisting of France, Italy, Belgium, Switzerland and Greece), had **laws providing for the** UNLIMITED COINAGE **of gold and silver into money at a** FIXED RATIO (varying from 15 to 1 to 16 to 1), with such money a LEGAL TENDER for the payment of all obligations calling for money.[3]

[1] See page 124, above. [2] and [3] see next page.

[2] **Production of the Precious Metals.**

Periods.	Proportional Value.	
	Gold per cent.	Silver per cent.
1781–1800	23.4	76.6
1801–1810	23.7	76.3
1811–1820	24.7	75.3
1821–1830	32.7	67.3
1831–1840	34.9	65.1
1841–1850	52.7	47.3
1851–1855	77.6	22.4
1856–1860	77.4	22.6
1861–1865	72.1	27.9
1866–1870	69.4	30.6
1871–1875	58.5	41.5

(Dr. Soetbeer's "Materials for the Illustration and Criticism of the Economic Relations of the Precious Metals and of the Currency Question. Collected at the request of the Association for the Protection of the Economic interests of Trade and Industry.")

[3] **In France.**

In France the mint ratio was by act of October 30, 1785, 1 ounce of pure gold equal to 15½ ounces pure silver. (Appendix to Proceedings of International Monetary Conference of 1878, p. 249.)

This ratio was reaffirmed in a law passed during 1803. The charge for coinage under this law was 9 francs per kilogram of standard gold, 3 francs per kilogram of standard silver. This difference in the cost of coinage made the mint ratio for the two metals stand at **1 to 15.69.**

In 1835 the mint charge was reduced and the mint ratio then stood at **1 to 15.626,** and so remained till 1850.

In 1850 the mint charge was again reduced and the ratio then stood 1 to **15.586.**

In 1854 the mint charge was again altered and the mint ratio then stood 1 to **15.583,** at which rate it stood in 1878. (Appendix to Proceedings of International Monetary Conference of 1878, p. 687.)

Where there is no charge for coinage it is designated by the term **Gratuitous coinage.** Frequently, however, the term free coinage is used to mean "gratuitous" coinage, and "free" coinage is also used to mean "unlimited" coinage. It follows that when "free" coinage is used, the context must be examined to ascertain in which sense the term is used.

In the United States.

In the United States the **act of April, 1792,** provided that "The proportional value of gold to silver in all coins which shall by law be current as money within the United States shall be as **15 to 1,** according to quantity in weight of pure gold or pure silver; that is to say, every 15 pounds weight of pure silver shall be of *equal value in all payments* with one pound weight of pure gold and so in proportion as to any greater or less quantities of the respective metals. * * * Gold and silver bullion * * * **shall be coined free of expense** to the person or persons by whom the same shall be brought. * * * It shall be at the option of the party or parties bringing such bullion and of the Director of said mint to make an immediate exchange of coins or standard bullion with a deduction of one-half per cent from the weight of pure gold or pure silver contained in the said bullion, as an indemnification for the mint for the time which will necessarily be required for coining the said bullion and for the advance which shall have been so made in coins."

By act of Congress of **June, 1834,** the ratio was changed to 1 to 15.98, usually termed **1 to 16.** The provision as to **gratuitous coinage** remained practically the same. This ratio remained in force until 1873 except that **in 1853 a law provided for a charge of one-half of one per cent for coining gold and silver.**

The law of France declared that agreements calling for any particular kind of money were void and the act criminal.[1] In the United States, agreements discriminating against gold and silver money were void until 1873.[2]

d. A fourth historical fact is this: Of the money within a country which has been made a legal tender for the payment of debts, **the cheaper money** (if there is as to a debtor any difference) **is used by the debtors,** and thus the dearer money is not circulated as money except as contracts are entered into which call for the payment of the dearer money.

Less broadly stated, the essential fact just noted is that **the cheaper money drives the dearer money out of a country's circulation, except as contracts are entered into calling for the payment of the dearer money.** The way in which this usually occurs is by the money changers, bullion brokers, bankers, etc., who are acquainted with the differences, *culling out the dearer money and passing along the cheaper money.* Where there is a difference in the exchange value of the money of a country it is usually so slight that the public in general does not discriminate; and usually the difference pays only fairly well the services of expert collectors.[3] The fact that the cheaper money drives the dearer out of circula-

[1] "The French law makes it criminal to act on the basis of premium on money or discount on money. It always did so." (The uncontradicted evidence of J. Barr Robertson before the British Gold and Silver Commission, June 24, 1887, ¶6234.)

[2] In 1792 the first monetary law passed by Congress provided that "all the gold and silver coins which shall have been struck out and issued from said mint shall be a lawful tender *in all payments whatsoever.*"

In 1834 when Congress changed the ratio so that gold should flow through the mints, it **prevented discrimination against gold** by declaring that "the said gold coins shall be receivable *in all payments* when of full weight according to their respective values."

[3] Says Professor Jevons: "Though the public generally do not discriminate between coins and coins, provided there is an apparent similarity, a small class of money-changers, bullion dealers, bankers or goldsmiths make it their business to be acquainted with such differences and know how to derive a profit from them. These are the people who frequently *uncoin* money, either by melting it or by exporting it to countries where it is sooner or later melted. Some coins are sunk in the sea and lost and some are carried abroad by emigrants and travelers who do not look closely to the metallic value of the money. But by far the greatest part of the standard coinage is removed from circulation by people who know that they shall gain, by choosing for their purpose the new heavy coins most recently issued from the mint. Hence arises the practice extensively carried on in the present day in England of *picking and culling* or, as another technical expression is, *garbling* the coinage, devoting the good new coins to the melting-pot and passing the old worn coins into circulation again on every suitable opportunity." (Money and Mechanism of Exchange, p. 80.)

tion was noted by Sir Thomas Gresham, centuries ago. This fact of nature is for convenience termed **Gresham's Law.**

e. A fifth fact is that from 1792 to 1873 one or more of the countries with bimetallic laws had *both gold money and silver money circulating at the mint ratio* (except for a time about the year 1832, when there was a slight premium on gold money causing its retirement from circulation as legal tender money. The amount of the premium on the money was to that extent reflected in the market ratio of gold and silver bullion).[1]

f. RESUMÉ.

It will be observed that **the market ratio between gold bullion and silver bullion was practically the legal ratio above stated;** and this, too, in face of the fact that the relative production of gold and silver fluctuated immensely, at one period being as 3 to 1 and then as 1 to 3.[2] The cause of this practically constant market ratio was the monetary laws set forth. The way they caused it was as follows:

[1] **In France.**

In a report of the French Minister of Finance of **1803** there occurs this passage: "Gold coins compose about a third of our specie." (Republished in Minutes of Evidence taken by the British Gold and Silver Commission, §6227.)

1828, see below, page 705, evidence of Mr. Baring.

In the evidence of N. M. Rothschilds, Esq., before the Committee on Bank of England Charter, on 24th July, **1832,** the following conversation took place:

"Question 4834. Does the demand for gold from France produce a scarcity of *money* in France? Answer: No.

"Question 4835. Why is that? Answer: Because the gold is in general in private hands; it is *merchandise there.*" (Reprinted in British Gold and Silver Commission, of 1886, §6230; also in Appendix to Proceedings of International Monetary Conference of 1878, p. 671.)

If the above is true it shows that July 24, 1832, gold MONEY **was at a premium over silver money.**

We have evidence that in **1838** of the money *circulating in France* 5 per cent of it was gold. This shows that gold and silver *money* was then at par. (The Enquete sur la Question Monetaire; Conseil Superieur du Commerce de l'Agriculture et de l'Industrie, Vol I, p. 562.)

It is claimed by some that gold money was not at a premium in France about the year 1832. Mr. J. Barr Robertson in his testimony before the British Gold and Silver Commission, June 24, 1887, said: "Taking from the Report of the Committee on the Appreciation of Silver, the official figures of the French coinage, it appears that in every year from 1795 to 1875, except 1860, silver was tendered at the French mint for coinage into 5-franc pieces; that **in every year from 1803 to 1875 gold was tendered at the mint for coinage on the basis of 1 to 15 1-2, with the exception of 1872 and 1873, when specie payments were suspended.** This proves conclusively in my opinion that gold and silver every year were tendered at the French mint at this price of 1 to 15½; consequently there was in France **no variation whatever in the ratio of 1 to 15 1-2 in so far as** MONEY **was concerned.** (§6209.)

[2] Page 124, above.

9. HOW THE BIMETALLIC AND GRESHAM'S LAWS MAINTAINED THE PRACTICALLY CONSTANT MARKET RATIO.

(1.) In France there was gold money and silver money in circulation at 15.69 to 1.

(2.) In France the law provided that the mint should be open to the *unlimited coinage* of gold and silver *at 15.69 to 1*, with such money a *legal tender* for the payment of all obligations calling for money, and *contracts discriminating against either money were invalid.* On the other hand,

(3.) Bullion brokers and bankers *culled out the dearer money* (**in case the market ratio of silver and gold bullion varied a little from the legal ratio**) and passed along the cheaper money. BY THIS MEANS THE DEARER METAL WAS ABSTRACTED FROM THE CIRCULATION (WHENEVER IT PAID THE BULLION BROKERS TO TAKE IT OUT) AND AT THE SAME TIME THE CHEAPER METAL CAME INTO CIRCULATION THROUGH THE MINTS. For example, in 1803 the specie circulating in France was about 1/3 gold and 2/3 silver,[1] but as the increased supplies of silver came from the Mexican mines she took a portion of it at her mint and the bullion dealers melted gold coins which were nearest full weight and sent the bullion into the gold-using countries.[2] And in later years when the supplies of gold increased from the Californian and Australian mines, France took a portion of it in at her mints and the bullion dealers melted silver coins which were nearest full weight and sent the bullion into the silver-using countries.[3]

[1] Page 226, above.

[2] PROOF.

"It appears from a **report made in France in 1839** to a Commission on the Currency over which M. Thenard presided, that during the period from the first of January, 1816, to the first of January, 1839," **silver was imported into France and gold exported.** "The excess of the *importation of silver* over the exportation amounted to 1,822,824,818 francs [$455,704,204]. Nearly the same proportions were preserved until 1851 inclusively." During this period "the *exportation of gold* exceeded the importation by 541,000,000 francs [$135,200,000] without counting that which travelers carried with them." The gold was sent into the gold-using countries. (Mr. Chevalier's "Treatise on Gold" published in 1859 and translated by Cobden. The foregoing was presented to the British Gold and Silver Commission of 1886, as evidence, (¿6210.)

[3] PROOF.

From the first of January, 1852, to the first of January, 1858, **the total excess of exportations of silver [from France] over importations amounted to 1,127 million francs [$282,000,000.]** which would be about two-fifths of the silver money possessed by France a few years since. * * *

"From the fact of the parallel circulation of gold and silver money on the footing of 1 of the former to 15½ of the latter, it is easy to withdraw the silver coins from circulation and export them, giving gold in exchange.

Please scan the foregoing closely until you see just how it worked In short, **there stood a wide-open mint to take the gold and silver presented, at 15.69 to 1; on the other hand there stood the bullion dealer ready to melt coins whenever it paid them to do so.**[1] **With gold and silver money freely circulating within the country** THE MARKET RATIO COULD NOT VARY FROM THE MINT LEGAL RATIO EXCEPT THE COST OF SELECTING COINS FROM THE CIRCULATION, MELTING THEM AND THE LOSS FROM ABRASION (UNLESS A SUDDEN DEMAND FOR THE DEARER METAL RAISED THE BULLION PRICE A LITTLE UNTIL MORE COINS COULD BE SELECTED AND MELTED).[2] In the **London market** the difference in the ratio of gold and silver bullion was a little greater, *for there was to be added the cost of transporting bullion from Paris to London.* (This cost included expressage insurance, interest on the capital invested, and the usual rate of profit on such transactions.) There was, too, this additional factor: When the balance of trade was *against London and in favor of Paris* the cost of transporting bullion *from London to Paris* resulted in this additional variation in the market ratio of the two metals.

The foregoing facts explain the variation in the ratios of gold and silver bullion from 1803 to 1873.[3]

Gresham's Law.

"From the moment that numbers of persons devote their time and capital to the carrying out of this substitution we must conclude that it is a profitable trade, for if the relation of 1 to 15½ were not advantageous for the holders of gold they would take good care not to carry on the operation upon the large scale on which they have proceeded." (Same citation.)

Of the facts just set forth, Professor J. Barr Robertson said: "France had to take all the gold offered from California and Australia in whatever quantity, and had to give out silver, which is what Chevalier describes." (§6211 of Minutes of Evidence of British G. & S. Com.)

[1] In other words, on the one hand stood the Human Bimetallic law at about 15½ to 1, on the other the law of Nature, termed Gresham's law.

[2] On this point we have the following evidence: Alexander Baring, M. P. (afterward Lord Ashburton), in his evidence before the Committee on Coin at the British Board of Trade, April 26, **1828,** said: "The variation [in the market ratio of gold and silver] in France **is seldom above a tenth per cent;** it sometimes runs up to a quarter per cent. It has been, I am told, something higher on particular occasions: when the Bank of England was running all over the Continent for gold. This was the case, I believe, also at another time for the [war] service of the Peninsula; now and then from casual circumstances one metal gets preferred." (British Gold and Silver Commission, 1886, §6228.)

[3] As to what the variations averaged each year, see table of ratios, above.

It is to be borne in mind that **in the present year (1896) between gold standard England and gold standard France there are** GREATER VARIATIONS **in the cost of exchange between the two countries** than was the case under bimetallism; gold bullion flows from Paris to London at times

Gold and silver *money* is to be distinguished, as it remained at a arity in France except for a year or two about 1832.[1]

The conclusions of monetary experts are set forth in the note low.[2]

l then the other way, and there is l the necessity to cull out the aviest coins and melt them and the s of the abrasion, and in addition **the nk of France charges at times a mium on gold for export and the ne is the case with the Bank of gland** (February 10 this latter bank rged a premium of 1¼ per cent. tional Bimetallist, Vol. 1, p. 247).

Between England and the United States there is the same uncertainty as to the cost of exchange; besides the cost of culling and melting coin, the loss of ambrasion and the cost of transportation, **the Bank of England on February 10, '96, charged 1 1-2 per cent premium, and in New York during January of the same year the premium on gold and greenbacks was from 1-2 to 1 1-2 per cent.**

[1]Professor J. Barr Robertson has called attention to the fact that while there were the slight variations in the ratio between silver and gold *bullion* previous to 1873, there were **no variations in the ratio between the French silver and gold** MONEY (except possibly for a year or two about 1832.) This you can see for yourselves was the case, for *gold and silver money circulated side by side while the gold money was being melted into bullion and silver bullion came in through the mint.* He called this fact to the attention of the British Gold and Silver Commission June 24, 1887, Section 6234 of the Minutes of Evidence.

[2]**The British Gold and Silver Commission of 1886** agreed *unanimously* upon the following report:

"Prior to 1873 the fluctuations in the price of silver were gradual in their character and ranged within very narrow limits.

"Thus in the year 1872 the margin between the highest and lowest quotations in each month was:

	d	
January	8-16	per oz.
February	9-16	"
March	2-16	"
April	10-76	"
May	7-16	"
June	2-16	"
July	2-16	"
August	4-16	"
September	2-16	"
October	4-16	"
November	8-16	"
December	2-16	"

"While in the year 1886 the corresponding figures are as follows:

	d	
January	9-16	per oz.
February	7-16	"
March	3-16	"
April	11-16	"
May	20-16	"
June	11-16	"
July	29-16	"
August	10-16	"
September	35-16	"
October	22-16	"
November	18-16	"
December	19-16	"

"¶191. The explanation commonly offered of these constant variations in the silver market is that the rise or depression of the price of silver depends upon the briskness or slackness of the demand for the purpose of remittance to silver-using countries and that the price is largely affected by the amount of the bills sold from time to time by the Secretary of State for India in Council.

"But these causes were, as far as can be seen, operating *prior* to 1873, as well as subsequent to that date, and yet the silver market did not display the sensitiveness to these influences from day to day and month to month which it now does.

"¶192. These considerations seem to suggest the existence of some steadying influence in former periods which has now been removed, and which has left the silver market subject to the free influence of causes, the full effect of which was previously kept in check.

"The question, therefore, forces itself upon us: Is there any other circumstance calculated to affect the relation of silver to gold which distinguishes the later period from the earlier?

"Now undoubtedly the date which forms the dividing line between an epoch of approximate fixity in the relative value of gold and silver and one of remarked instability is the year when the bimetallic system which had previously been in force in the Latin Union [France, Italy, Belgium, Switzerland, Greece] ceased to be in full operation; and we are irresistibly led to the conclusion that the operation of that system, established as it was in countries the population and commerce of which were considerable, exerted a material influence upon the relative value of the two metals.

"**So long as that system was in force we think that,** NOTWITHSTANDING THE CHANGES IN THE PRODUCTION AND USE OF THE PRECIOUS METALS, IT KEPT THE MARKET PRICE OF SILVER APPROXIMATELY STEADY AT THE RATIO FIXED BY LAW BETWEEN THEM, NAMELY, 15½ to 1. * * *

"¶193. Nor does it appear to us *a priori* unreasonable to suppose that the existence in the Latin Union of a bimetallic system, with a ratio of 15½ to 1 fixed between the two metals, should have been capable of keeping the market price of silver steady at approximately that ratio.

"The view that it could only affect the market price to the extent to which there was a demand for it for currency purposes in the Latin Union, or to which it was actually taken to the mints of those countries is, we think, fallacious.

"**The fact that the owner of silver could, in the last resort, take it to those mints and have it converted into coin which would purchase commodities at the ratio of 15 1-2 of silver to 1 of gold would,** in our opinion, **be likely to affect the price of silver in the market generally, whoever the purchaser and for whatever country it was destined. It would enable the seller to stand out for a price approximating to the legal ratio** AND WOULD TEND TO KEEP THE MARKET STEADY AT ABOUT THAT POINT.

"¶189. The action of the Latin Union in 1873 **broke the link** between silver and gold **which had kept the price of the former, as measured by the latter,** CONSTANT AT ABOUT THE LEGAL RATIO; and when this link was broken the silver market was open to the influence of all the factors which go to affect the price of a commodity. * * * (Signed.)

HERSCHELL,
LOUIS MALLET,
ARTHUR JAMES BALFOUR,
HENRY CHAPLIN,
C. W. FREMANTLE,
JOHN LUBBOCK,
T. H. FARRER,
W. H. HOULDSWORTH,
D. BARBOUR,
J. W. BIRCH,
LEONARD H. COURTNEY,
SAMUEL MONTAGU."

The above verdict was unanimous.

Same effect, Majority Report of the United States Gold and Silver Commission of 1876. This report was signed by

JOHN P. JONES,
LEWIS V. BOGG,
GEORGE WILLIARD,
R. P. BLAND,
WM. S. GROESBECK.

The gist of the Minority Report is set forth below.

March 17, 1896, the British House of Commons passed the following Resolution:

"This House is of opinion that the

In the foregoing there is a fact to which we wish to direct your attention especially. It is this:

(a.) France took *silver money* into her circulation *and gave off gold in the form of bullion.* This was sent into *gold-using* countries; for example, England.[1] Thus it was that *an increase in the output of the* SILVER MINES **resulted in** GOLD **being sent into England.** We see, then, that although England after 1816 did not open her mints to the unlimited coinage of silver, STILL THE EXCHANGE VALUE OF GOLD WAS AFFECTED BY AN INCREASE IN THE OUTPUT OF SILVER.

(b.) At other times France took *gold money* into her circulation *and gave off silver in the form of bullion.* This was sent into silver-using countries; for example, India. **Thus it was that an increase in the output of the** GOLD MINES **resulted in** SILVER **going into India.**[2]

instability of the relative value of Gold and Silver SINCE THE ACTION OF THE LATIN UNION IN 1873 **has** proved injurious to the best interests of this country."

This was unanimously adopted by the House of Commons, without amendment or division. This resolution is a flat contradiction to the claims of the British "Gold Standard Defense Association," which has been circulating statements asserting that the system known as "Bimetallism" which was in operation in the Latin Union, did not produce the practically constant ratio between silver and gold which existed previous to 1873. (These words are from the "Bimetallist" of England, of April 15, 1896.)

[1] England in 1816 passed a law to resume specie payments in gold alone. To do this she drew gold directly from the countries which produced it *and also from the gold money in use in other countries,* principally, however, from the United States and France. As to the export of gold from France we have the following evidence: From the "first of January, 1816, to the first of January, 1839, the exportation of gold from France *exceeded the importation by 541,000,000 francs* [*$135,000,000*] without counting that which travelers carried with them." (P. 227, above.)

[2] Professor Laughlin says: "**From 1850 to 1864** France took $1,163,000,000 *of gold and exported in the same period $345,000,000 of silver which* **set out immediately for India.** * * * Gold did not fall as much in value as was expected, because it found a place for itself in those countries that were willing to give up silver and take of the new abundance of gold." (Facts about money, pp. 180, 181.)

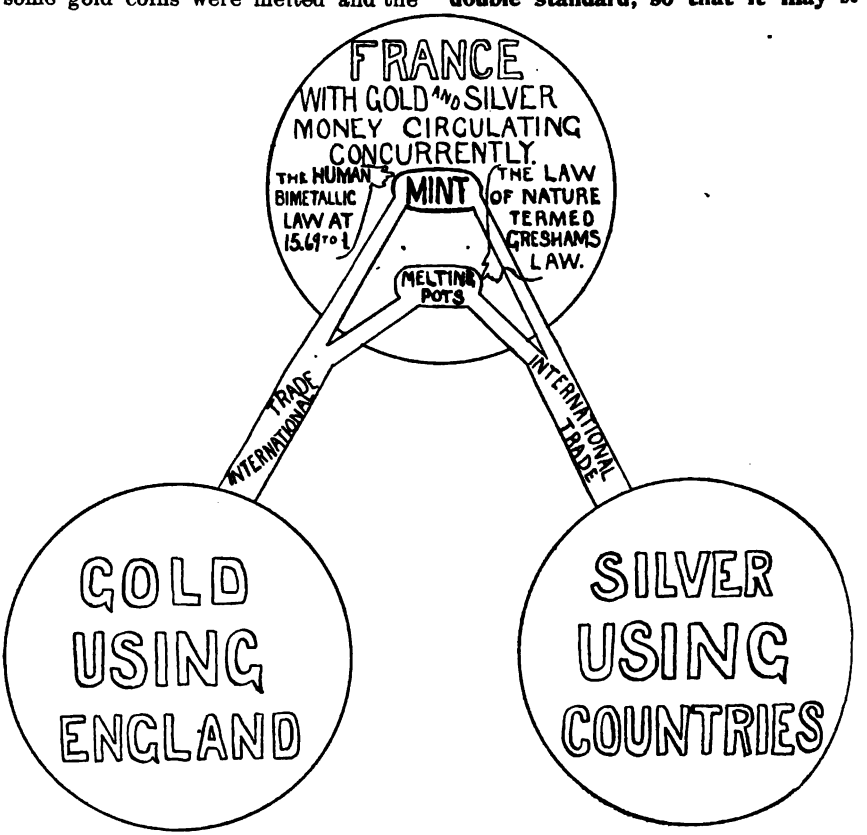
The renowned Dr. Soetbeer of Germany, in his "Materials for the Illustration and Criticism of the Economic Relations of the Precious Metals and of the Currency Question," in the chapter setting forth the history of the Market Ratio between Silver and Gold, says of **the period 1851-1870:**

"That the price of silver *did not rise considerably higher* **was the result,** as is well known, **of the double standard**—or, better, the alternate standard—of the Latin Union, **which caused a large part of the New Gold to be brought to Paris and Brussels for coinage,** REPLACING SILVER COINS. In the period from 1851 to 1870 over 6,000 millions of francs in gold were coined. Between 1867 and 1872 the average ratio became a very little higher than 15½ to 1, in favor of gold." (Page 163 of Appendix to Report of British Gold and Silver Commission.)

The condition just described is usually designated by the term **Compensatory Action,** and it describes how the market ratio of silver to gold was kept constant at about the legal ratio *through the cheaper metal being gradually taken into the circulation and the dearer one being gradually given off.*

We may also describe this Compensatory Action which took place in France by saying that the territory of France was as to *the rest of the earth's surface* a user of gold money and silver money, **just as the supply of the one or the other exceeded the demand of the rest of the world at the ratio of 15 1-2 to 1.** When the large supply of *silver* took place from 1792 to 1820 the fixed demand of France at 15½ to 1 was such as to take *silver into her circulation*, and some gold coins were melted and the bullion exported to *gold-using countries;* and then when the supply of *gold* became largely increased after 1850 the fixed demand of France at 15½ to 1 was such that *gold was taken into the circulation and silver given off for export to the silver-using countries.* Apply to diagram.

Professor Jevons, writing in 1875, says "That MM. Wolowski and Courcelle-Seneuil are quite correct in urging that a *compensatory* or, as I should prefer to call it, *equilibratory action,* goes on under the French currency law and tends to maintain both gold and silver **more steady in value than they would otherwise be.** If silver becomes more valuable than in the ratio of 1 to 15½ compared with gold there arises at once **a tendency to import gold into any country possessing the double standard, so that it may be**



THE FACTORS WHICH PRODUCED THE PRACTICALLY CONSTANT RATIO BETWEEN SILVER BULLION AND GOLD BULLION.

coined there and exchanged for a legally equivalent weight of silver coin, to be exported again. This is no matter of theory only, the process having gone on in France until the principal currency, which was mainly composed of silver in 1849, was in 1860 almost wholly of gold. France absorbed the cheapened metal in vast quantities and emitted the dearer metal, which must have had the effect of preventing gold from falling and silver from rising so much in value as they would otherwise have done." (Money and the Mechanism of Exchange, p. 139.)

Walter Bagehot, for years the editor of the London Economist, writing in 1876 concerning the effect of the repeal of the bimetallic laws, said: "**The present relative position of gold and silver is a pefectly new thing in the world.** * * * The present novelty is that silver and gold are in relation to one another simply ordinary commodities. Until now they have not been so. A very great part of the world adhered to the bimetallic system, which made both gold and silver legal tender and which established a fixed ratio between them. **In consequence, whenever the value of the two metals altered, these countries acted as equalizing machines. They took the metal which fell; they sold the metal which rose;** and thus the relative value of the two was kept at its old point. **But now this curious mechanism is broken up.** * * * Partly from political and partly from economical motives the Latin Union would not take the 'cast, off' German silver." (London Economist, July 15, 1876, reprinted in "Bagehot on the Depreciation of Silver.")

The eminent French economist, M. Cernuschi, at the International Monetary Conference of 1881, said: "In the view of bimetallists as to the market ratio between silver and gold, **law is stronger than all the irregularities of production.** This was *proved* at the time of the opening of the Californian and Australian mines. The French law prevented the fall of gold which monometallists had predicted. **This is what the Secretary of the United States Treasury, Mr. Ingham, foreshadowed for the future and attested for the past in a report on 'the relative value of gold and silver,' presented to the Federal Senate on the 4th of May, 1830.** The writer expressed himself in this remarkable yet little known document as follows:

"'Upon a careful review * * * it appears to me the following singular but instructive statements are evidently deducible:

"'Whatever degree of uncertainty may exist as to the precise quantity of the precious metals which was imported into Europe during the fifty-three years succeeding the discovery of America, the records of that time abundantly testify that *gold* constituted *the chief part of the supply*, and that, *nevertheless, its great preponderance* **did not produce any sensible effect on its market value in reference to silver.**

"'It is evident that the enormous importations of *silver* consequent upon the exploitation of Potosi (which mine alone is estimated to have supplied 150 millions of dollars in the ten years subsequent to 1545) **did not vary the relative value of these metals by a rise of gold,** as we find that Queen Elizabeth and her eminent advisers considered it expedient, in 1560, to reduce the standard proportions from 11 1-10 to 1 to a fraction under 11 to 1.

"'The discovery of the alluvial mines of Brazil, in 1695, *quadrupled the annual average amount of gold* previously produced, yet in 1717, when this inundation, as it may be termed, was at its height, **the value of gold remained the same as in 1650, 1 to 15.**

"'Although it appears that the exploitations of new mines, but especially of Biscaina, Sombrarete, Catorce and Valentiana, in Mexico, toward the middle and latter half of the last cen-

We see, then, that although England after 1816 did not open her mints to the unlimited coinage of silver, still the exchange value of *gold* **was affected by an increase in the output of silver,** and although in India gold did not go into her mints, still the exchange value of her *silver* **was affected by an increase in the output of gold.** There was, then,

(c.) **No gold measure or standard of value prior to 1873, nor a silver standard prior to that date,** BUT THERE EXISTED THE BIMETALLIC MEASURE or standard of value; **the two metals were for money purposes practically one;** in other words, at a practically constant ratio, gold and silver at its *bullion value measured the exchange value of commodities throughout the world* (except in those countries on a paper-money basis). Some countries had only silver money in circulation and other countries had only gold money in circulation, *but they were parts of the two-metal standard or measure of value.* The two metals were kept at the practically constant ratio **by reason of** THE CONCURRENT CIRCULATION OF GOLD MONEY AND SILVER MONEY IN FRANCE COMBINED WITH HER BIMETALLIC LAW AND GRESHAM'S LAW.[1]

tury, *increased to such an anormous amount,* **yet the market value of silver was almost uniformly higher in England than the standard of 1717.**'" (5th session, pp. 151, 152.)

[1] In the words of the British Gold and Silver Commissioner of 1886: **"While the bimetallic tie was in operation, gold and silver were for purposes of exchange one metal."** (Part II., §64.)

The eminent economist, M. Cernuschi of France, at the International Monetary Conference of 1831, said: **"The law, by establishing a fixed and invariable ratio between gold and silver, has made them really a single money.** * * * From 1785 to 1874, despite all the perturbances in the yield of mines, all the economic and political catastrophies, it remained the monetary law of the whole world." (5th session, p. 149.)

As expressed by the same speaker but in different words: Under bimetallism "there was but a single monetary mass, composed of all the gold and silver which the age had accumulated." (11th Session, p. 465.)

W. S. Groesbeck of the United States Monetary Commission of 1876, in the International Monetary Conference of 1878, said: "If we can keep an equilibrium of value between gold and silver **all nations will be substantially upon both metals.** Gold will be as valuable as silver everywhere, and silver as valuable as gold. It is idle to theorize that this cannot be done. We know it has been done. **Throughout the entire past up to 1873 both metals were in equal use as money and kept together evenly enough.** Now and then at long intervals the relation between them was slightly changed, but the change was easily made and without noticeable embarrassment." (5th Session, p. 110.)

In the words of Count Rusconi, delegate of Italy to the International Monetary Conference of 1881: **"The two metals form but a single monetary mass.** 'There are white grapes and red grapes,' said a wit, 'but the juice extracted from them is always wine.' There is white metal and yellow metal,

(d.) The combined volume of these two metals was through this period of eighty years MORE STABLE **than was that of either one taken separately.**[1]

On the several points just set forth we append similar statements by monetary experts.[2]

but what is made of them is always money." (4th Session, p. 128.)

[1] For the 80 years previous to 1873, the production of silver to gold was in its exchange value as 3 of silver to 1 of gold, and later the proportion changed to 1 of silver to 3 of gold (same effect p. 223, above). It is manifest that **combining the production of gold and silver for this period** (4 TO 4) **it makes for the entire period a much more stable volume of money than does either gold or silver when taken separately** (1 TO 3 FOR A TIME AND THEN 3 TO 1.)

In the words of President Walker of the Boston Institute of Technology, "The object of bimetallism is, by joining the two metals together in the coinage, at a fixed ratio, **to diminish the extent of the fluctuations to which the value of each would be separately liable,** by generating a compensatory action between the two, by which the cheapening metal shall receive a larger use, while the appreciating metal drops partially out of its former demand, **thus making the two fall together,** if there must be a fall, **or rise together,** in the opposite case; **or, conceivably, making the tendency of one to fall precisely counteract the tendency of the other to rise.**" This is shown in the diagram at page 126, above, together with the effect of the repeal of the law which furnished the bimetallic tie.

President Walker further says: "**The concurrent use of the two metals,** side by side *in the same markets,* is a matter wholly of indifference. The merit of the bimetallic scheme does not depend on this at all." (Money, Trade and Industry, p. 166.) **Same effect,** President Andrews of Brown University, Providence, Rhode Island, An Honest Dollar, p. 31. Professor Richard T. Ely of Wisconsin University, Outlines of Economics, p. 152, Political Economy, p. 192.

N. G. Pierson, President of the Netherland Bank, Amsterdam, and formerly Professor of Political Economy, says: "**Bimetallism is now generally accepted and taught in all our colleges and universities** [*i. e.*, the above mentioned facts are pointed out]. ONE NEVER HEARS A DISSENTING VOICE." (Second Report of British G. & S. Com., p. 244.) See also quotations above from Professor Jevons and Walter Bagehot, editor of the London Economist, and below, the Memorial of the Bimetallists of England.

Professor DeLaveleye of Liege, Belgium, in commenting upon the Stability of the bimetallic standard as compared with what would have been the case were only one of the metals used as money says: "The exchange value is more variable with a monometallic system than with a bimetallic. Just as a compensated pendulum with its bars made of two metals of unequal expansiveness is less liable to variation because their inequalities balance, or just as a river with two tributaries flows more regularly than it would with only one, *so a monetary system, fed by the simultaneous influx of both precious metals,* **is rendered more stable, because the total mass of standard money is greater, and because a falling off in the production of one of the two metals may be compensated by an increase in the production of the other.**"

[2] The Bimetallic League of England

issued, June 22, 1895, a Memorial to the Chancellor of the Exchecquer in reply to a Memorial presented by the Gold Standard Advocates. In this reply the distinction between the use of gold in England previous to 1873 and since that time is clearly brought out. It says: "**For nearly sixty years after 1816** [the date at which the free coinage of silver in England was discontinued] **all the business of this country** [England] **and of the world was conducted under the dominating influence of the bimetallic system.** So long as that system was maintained by the action of foreign countries there was little or no fluctuation or divergence in the relative values of gold and silver; the parity between the two metals for all practical purposes was steadily maintained; **the standard of value [general prices] was comparatively stable and the commerce of the country was conducted with equal facility, whether with gold or silver-using countries, in all parts of the world. * * * Since the abandonment of bimetallism and silver was dethroned,** THE ATTEMPT HAS BEEN MADE FOR THE FIRST TIME IN HISTORY TO CONDUCT THE BUSINESS OF THE WESTERN WORLD [EUROPE] UPON A GOLD BASIS ALONE. This novel and great EXPERIMENT has been followed by a wide and increasing divergence and constant fluctuations in the value of the precious metals **which have hindered and embarrassed trade** AND A PROGRESSIVE FALL IN PRICES **which has been fatally injurious to industrial undertakings. * * * Contracts have been disturbed, the burden of the debtor has been increased, property has been depreciated and enterprise has been checked, with a corresponding loss of capital embarked in industry and of employment to the working classes.**

"Surely these are matters of grave and serious importance which deserve and should command attention, and yet THEY APPEAR TO BE ENTIRELY IGNORED BY THE MEMORIALISTS [ABOVE MENTIONED] AND NOT EVEN TO HAVE ENTERED INTO THEIR CONSIDERATIONS." And the Memorial concludes:

"In the list of our supporters are included not only merchants and bankers in the city of London, but representatives of nearly every industry in the country, besides well-known leaders of the working classes and recognized authorities on economic science, and for your information we append some representative names from amongst them." Among the names occurs a long list of bankers and the following:

"Economic Authorities.

"Professor H. S. Foxwell, M. A.
"F. J. Faraday.
"Professor E. C. Conner, M. A.
"Henry Higgs, B.A., LL. B.
"J. S. MacKenzie, M. A.
"Professor Mavor, M. A.
"Professor J. S. Nicholson, D. Sc., M. A.
"L. L. Price, M. A.
"Professor J. H. Poynting, F. R. S., D. Sc., M. A., LL. M.
"J. Barr Robertson.
"Professor Henry G. Sidgwick, D. Litt.
"William Smart, M. A., LL. D.
"Professor J. E. Symes, M. A.
"Philip H. Wiksteed, M. A."

In the above it appears that in England the gold standard advocates ignore the fact that through the repeal of the bimetallic laws in 1873 the bimetallic measure of general prices *was broken* and thereby there came into existence the gold measure of general prices and the silver measure of general prices, and they ignore, also, the fact that this has divided the world commercially and that the fall in gold prices has given a bounty to silver price countries, and they ignore, too, the fact that the increased demand for gold has lowered gold prices nearly one-half, resulting in

FURTHER ILLUSTRATIONS.

We will now briefly consider the history of gold and silver money in the United States:

History of Gold and Silver Money in the United States.

In 1792 the Congress of the United States passed a monetary law providing for the unlimited coinage of silver and gold at the ratio of 15 to 1 (15 ounces of silver when coined equal as a legal tender to one ounce of coined gold). Contracts *discriminating against either gold or silver were prohibited* by a provision that "All the gold and silver coins which shall have been struck out and issued from said mint shall be a lawful tender *in all payments whatsoever.*"

This law of the United States, with its ratio of 1 to 15, *valued gold lower than did France* with her ratio of 1 to 15½ plus the difference in the cost of coinage (making the ratio 1 to 15.69). As a consequence when England resumed specie payments by using gold alone **we lost practically all our gold money, but France did not, as England's demand was not sufficient to take all of it.** France, therefore continued to maintain the practically constant ratio between the two metals.[1]

In 1834, with the refusal to recharter the United States Bank and in anticipation of the retirement of its paper money, Congress passed a law

paralysis in production and trade, non-employment, lessened wages, strikes, etc., and a transfer of property from debtors to creditors. **The English Gold Standard Advocates** IGNORE ALL THIS. **And the American Gold Standard advocates** ALSO IGNORE IT. THE REPUBLICAN PLATFORM OF 1896 IGNORES IT, page 147 above. See illustrations next two pages.

[1] That from 1792 to 1821 the United States retained her gold money on a par with her silver money is evidenced by the following Report: January 12, 1833, the Director of the Mint, Samuel Moore, in a Report to the House of Representatives on the relative value of gold and silver, said: **"During the interval from 1792 to 1821 * * * gold and silver coins [in the United States] remained at par with each other.** Both were the objects of a premium measured in the actual currency during the suspension of cash payments, but both at the same premium.

"The first notice of a premium on gold measured in silver in the United States appeared late in 1821." During the ten years 1823-33 the average rate in the United States is in the Report said to have been 1 to 15.63. (Reprinted in appendix of International Monetary Conference Report of 1878, p. 678.)

That England's demand for gold was greatest in 1821 is the following extract from the report of a U. S. House Committee of March 17, 1832: **"In 1821,** when the British demand for gold was active, **the coinage of gold in France nearly ceased,** being only 400 thousand francs in that year," whereas "in 1820 it was 28 millions; in 1819, 52 millions, and in 1818 the amount was 126 millions of francs." (Page 53 of Report reprinted in Appendix to International Monetary Conference Report of 1878, p. 676.)

Gold Measure of Prices is 23 years old.

- (1) **The world divided Commercially and to the injury of Gold Price Countries.**
- (2) **General prices Halved.**
- (3) **Partly-Standard Silver Money in use.**

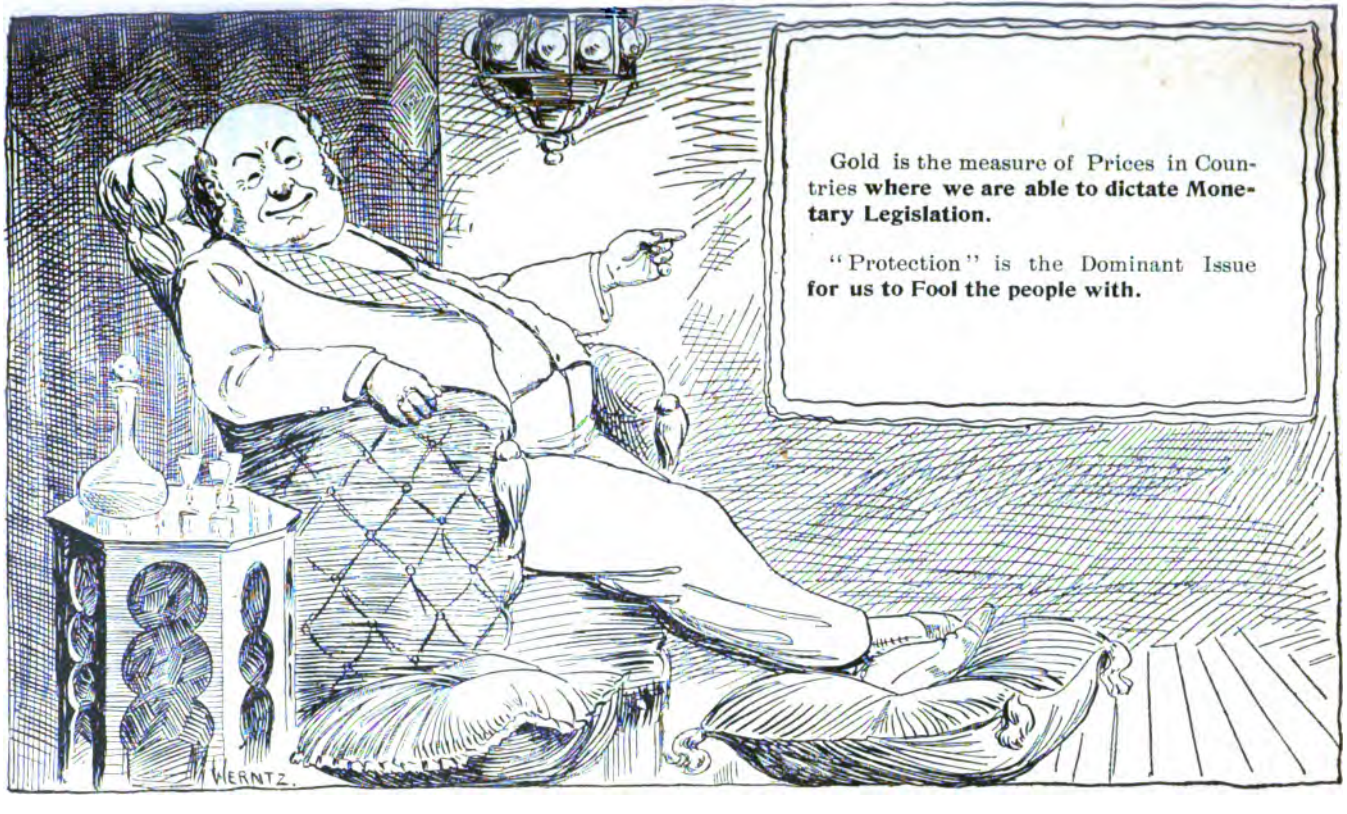
Debts doubled in weight.

Prices fixed by Law doubled in purchasing power

Prices fixed by Custom and prices fixed by Monopoly greatly increased in purchasing power.

Individuals Engaged in Production greatly injured.

The Outlook. An Acceleration of the above conditions.


Gold is the measure of Prices in Countries **where we are able to dictate Monetary Legislation.**
"Protection" is the Dominant Issue **for us to Fool the people with.**
WERNTZ.

changing the mint ratio of gold and silver from 1 to 15, to 1 to 15.98 (for convenience usually termed 1 to 16); 16 to 1 was the ratio in Spain and Portugal, together with their Provinces in the Western Hemisphere and this ratio was adopted in the United States in preference to the French ratio of 1 to 15.69.[1] With the French mint open at 1 to 15.69 and the United States mint open at 1 to 16, it paid bullion dealers to supply the demand for the money metals in the United States by presenting gold at the mint, sending their silver bullion to the French mint. Had the United States adopted the same ratio as in France there would not have been this difference. As a consequence of the difference in the two ratios, the circulation in the United States tended more and more to gold and after the gold discoveries the fractional silver pieces were melted and exported. As a remedy for this, Congress in 1853 passed a law providing that the coinage of silver pieces less than one dollar should contain a proportionately less quantity of pure silver than the standard silver dollar. The reduction in quantity was about 7 per cent. In order that these coins might not be used except for "change" their legal tender quality was limited to five dollars.

We will now call attention to an event which occurred in Europe, namely,

[1] As to the last sentence, to the same effect is the Appendix to International Monetary Conference Report of 1878, pp. 685, 691.

A further fact is that this act of 1834 **prevented discrimination against gold** by declaring that "the said gold coins shall be receivable *in all payments*, when of full weights, according to their respective values." There was necessity for this provision to prevent discrimination against gold. The conditions which existed are thus set forth by Hon. Thomas H. Benton in his "Thirty years' View."

"The good effects of the bill were immediately seen. Gold began to flow into the country through all the channels of commerce; old chests gave up their hordes; the mint was busy; and in a few months, as if by magic, a currency, banished from the country for thirty years, overspread the land and gave joy and confidence to all the pursuits of industry. But this joy was not universal. **A large interest connected with the Bank of the United States, and its subsidiary and subaltern institutions, and the whole paper system vehemently opposed it;** and spared neither pains nor expense to check its circulation and to bring odium upon its supporters. People were alarmed with counterfeits. Gilt counters were exhibited in the markets to alarm the ignorant. **The coin itself was burlesqued** in mock imitations of brass or copper, with grotesque figures and ludicrous inscriptions—the 'whole hog' and the 'better currency' being the favorite devices. Many newspapers expended their daily wit in its stale depreciation. **The most exalted of the paper money party would recoil a step when it was offered to them and beg for paper.** The name of **'Gold Humbug'** was fastened upon the person supposed to have been chiefly instrumental in bringing the derided coin into existence." (Page 696 of Appendix to Proceedings of International Monetary Conference of 1878.)

The Formation of the Latin Union.

The countries in Europe using the same franc system—France, Italy, Belgium, Switzerland and Greece—had bimetallic laws the ratio of which was 15½ to 1 plus difference in the cost of coinage. Consequently they had silver as small change when the United States with its 16 to 1 ratio had none until the law of 1853 lessened the quantity of silver in the coins of a less denomination than one dollar. In 1860 Switzerland followed the example of the United States by lessening the quantity of silver in her subsidiary coins. These light-weight coins soon penetrated into France and Italy, taking the place of the two franc pieces and lesser coins which had been melted and exported as bullion. France to stop the inflow of subsidiary Swiss coins issued an order April 14, 1864, prohibiting their receipt at the French public offices of receipts.[1] As a result, the franc-using countries just mentioned, appointed delegates for a conference. They met at Paris, November 20, 1865, and agreed upon reducing the quantity of pure silver in the coins of less than 5 francs, retaining as to the 5-franc piece their bimetallic laws of 15½ to 1. The agreement of these delegates was ratified by their several governments and the treaty went into effect August 1, 1866, to continue for 15 years.

Now let us briefly describe the effect of the bimetallic laws:

B. *BIMETALLIC STANDARD (BIMETALLISM) DEFINED.*

The bimetallic laws **resulted in the Bimetallic Standard** (Bimetallism).

To be more explicit: The bimetallic laws resulted in

(1.) **A practically constant market ratio between silver and gold** (thus making them for monetary purposes throughout the world *practically one metal*—a bimetallic standard, bimetallism; gold-using countries could trade with silver-using countries just as readily as they could trade with other gold-using countries, and it made a more stable standard or measure of exchange value than would have been the case were each metal used separately).

(2.) A second result was this: **gold money and silver money did not concurrently circulate in the United States except for short periods. In France there was a brief time when gold money and silver money did not concurrently circulate; and at times there was only a very small amount of gold circulating with a large quantity of silver; and again only a small quantity of silver and a great quantity of gold.**

[1] Report of French Counsellor of State, April 16, 1866. Reprinted in Appendix to International Monetary Report of 1878, page 781.

We will now set forth the defense made by those who have been benefited by the increasing measure of exchange value:

C. *THE DEFENSE PUT FORTH BY THE BENEFICIARIES OF FALLING PRICES.*

1. *A Half-Truth.*

The principal defense is to **call attention to the second effect just set forth,** namely, that the bimetallic laws were unsuccessful attempts to concurrently circulate gold and silver in several countries under unlimited coinage, AND TO IGNORE THE BENEFICIAL EFFECTS, namely, the practically constant ratio, with the very important result that it united, commercially, the gold and silver using countries, and made a much more stable measure of value. When these facts are called to their attention *in public* **they almost always deny them.**

This is a grave charge which we make and we therefore proceed to produce our evidence.

PROOF.

What the Hired Men Say.

J. Laurence Laughlin, "Ph. D., Assistant Professor of Political Economy in Harvard University," contributed to Appleton's Cyclopædia for 1885 a statement concerning Bimetallism, in which he says (p. 275): "It aims to keep in *concurrent circulation both gold and silver* at some fixed ratio and proposes that both gold and silver shall at that ratio have unlimited legal tender power."

You will observe here *no reference is made to the essential fact* that previous to 1873 the aim was to keep a practically constant ratio between gold and silver *in order to make them for monetary purposes throughout the world* **practically one metal,** AND THUS UNITE COMMERCIALLY THE GOLD-USING AND SILVER-USING COUNTRIES, AND FURNISH A MORE STABLE MEASURE OF VALUE.

Laughlin states *the same half-truth* in a note in his edition of John Stuart Mill's "Principles of Political Economy," pages 316-320. This was given to the public in 1884. One year later *he elaborated his note in Mill* and it appeared under the title "History of Bimetallism in the United States." The very title of this work shows the half-truth policy of the author.

In 1895 Laughlin as "Head Professor of Political Economy in the University of Chicago," wrote a book (Facts about Money) in answer to Coin's Financial School, *and intended for circulation among the voters of the United States.* Under his imposing title, conferred by the moneyed interests, he says: **"The inability of free coinage at a given ratio to**

regulate the relations between gold and silver is strikingly illustrated *by the history of our* [the United States] *monetary system in the next period, 1834-1853.* * * * But to make the case still more clear and conclusive the facts regarding the monetary experience of France should be cited here. They will in a marked way reinforce the lessons drawn from the United States. * * * No matter whether the ratio was 15½ to 1 in France or 15 to 1 in the United States (or 16 to 1 later) *the commercial values of gold and silver* **varied independently of the legal ratios.** No better evidence could be found to show that **free coinage at any ratio did not have a dominating influence on the value of silver."**[3]

In a later chapter entitled "Mint Demand for Money" Laughlin, with the prestige of the title furnished him by the moneyed interests — "Head Professor of Political Economy in the University of Chicago"— tries to bamboozle the voters more effectually. He says: "'Coin' has incubated for a long time on the money question and this egg of wisdom is the result: *A mint demand can give a metal fixed value.* This is a diverting novelty. **But it is based on the supposition that everybody is utterly innocent of the simplest monetary principles.** And, to understand fully **how ridiculous his position is,** it will be well to explain briefly some points connected with the value of money."

Laughlin then proceeds with a lengthy disquisition on *the "value* [*purchasing power*] of money." Now, therefore, the mint demand for gold and silver simply fixed *the ratio between them,* "the value of money," i. e., *the quantity of commodities which it will purchase,* **is an entirely different question from the ratio between gold and silver, but Laughlin set out to mislead the people, and of course there had to be a "catch" somewhere.**

During 1895, when the discussion of bimetallism was at its height, **Professor Miller,** of the University of Chicago, appeared before the Bankers' Association at its annual meeting and in a paper intended for general circulation among the voters of the United States said: "No scheme of bimetallism of which history gives us any information ever has succeeded. * * * Nowhere and at no time has legislation succeeded in maintaining **the two metals in circulation side by side for any length of time worth noticing; everywhere** THE EXPERIMENT HAS FAILED."

The Employers of These Hired Men.

What to the American people and to the world, however, is more important than the fact that these two Professors in Economics, and others, are deceiving those whom they teach in the universities and out-

[3] Facts About Money, pp. 33, 42.

side their walls is the fact that **in several of our American Universities none but gold standard advocates are by the trustees employed in the monetary departments, and only those advocates receive employment who stoop to the grossest deception.** As evidence of the truth of the latter part of this charge is the fact that J. Laurence Laughlin, after placing before the public his "History of Bimetallism in the United States," was advanced in Harvard University, and shortly afterwards employed as Head Professor in the University of Chicago. In 1895 this man furnished daily editorials for the Times-Herald of Chicago, in which he continually uttered half-truths (see below), with occasionally downright falsehoods, signing his name to the articles and also his standing in the University, viz.: "Professor of Political Economy University of Chicago." Thus has this "hired man" of a money power and monopolists and their dupes, worked for the perpetuation of the falling prices of the gold standard and the division of the world into gold standard and silver standard countries. **Many of the brightest young men of our country have been deliberately led from the truth in our Universities** — places where Truth is supposed to be the polestar in the Economic Department, as in the other Departments. *It is treason to humanity and calls for as bitter and sweeping a denunciation as did the treason of Benedict Arnold.* **The employers who knowingly have done this thing are more guilty than their employees.** *That a "smart" man should be found who for pay would advocate a* "hard" case by uttering half-truths and an occasional falsehood is not a new thing in the world; positions of this character have always found "takers." It is somewhat like the position of hangman—while not the most highly desired office in the world is by someone accepted when sufficient pay is attached.

As to the trustees in our American Universities, not only have they in several cases employed none but gold standard advocates, but there is the further fact that **the principal text-book adopted in the economic departments advocates the gold standard by stating only the half-truth,** as does Professor Laughlin's books above mentioned. Wherever the "Principles of Political Economy, by John Stuart Mill," is used, there is placed before the student the half-truth just mentioned. His chapter on "The Double Standard" tells but this half-truth. In Professor Laughlin's Edition of this work this statement of the half-truth *is continued in several pages of note.* Where either of these books are used the instructor of course *can* refer the pupil to the omitted half-truth, or at least state that the claim is made that it puts forth a half-truth. Where this is done the objection to the use of the book is largely overcome. The instructor of the writer, however, did not do this when the

chapter on "The Double Standard" was under consideration. He did not point out that it was claimed that the bimetallic laws produced an important effect not noticed in this chapter. Consequently with Mill's chapter on "The Double Standard" there became fixed in the writer's mind the ideas there set forth, and **it was only in after years that the omitted half-truth was discovered.**

The fact that the gold standard people have dictated the monetary teaching in several of our American Universities *accounts very largely for the prevailing idea in the United States* that the bimetallic laws of France and the United States, previous to 1873, **were failures** because they did not keep gold and silver circulating **concurrently within each country.** In England and on the Continent the people have not been hoodwinked this way. **There, there is competition in the teaching.** In the United States from 1850 to the outbreak of the Rebellion our people had their attention occupied with matters other than finance; from 1865 to 1873 we were on a paper basis and so considered but little the workings of the metallic money system, and from 1873 to the present day the teachings in our Universities have been dictated by the employers, and these employers have, with few exceptions, hired only those who advocated the gold standard.

Next we shall consider the statements of so-called Monetary Experts and show how some of them advocate the gold standard, by uttering half-truths — the worst kind of falsehoods.

The Falsifiers on the Monetary Commission of 1876.

Professor Francis Bowen, formerly of Harvard University, in a minority report of the U. S. Silver Commission of 1876, said: "**The French attempt to establish a double standard** [bimetallic standard] **has been** A TOTAL FAILURE. France had silver for her only standard from 1803 till about 1850, and gold for her only standard ever since."[1]

This report was concurred in by Randall J. Gibson of the House of Representatives.

Senator Boutwell of the same commission said: "There can be but one standard of value in any country at the same time, and a safe and successful use of *gold and silver simultaneously* can be effected only by their consolidation upon an agreed ratio of value [as was afterward done by the Allison law of 1878] and by the concurrence of the commercial nations of the world."[2]

[1] U. S. Monetary Commission of 1876, page 147.

[2] Same citation, page 137.

The man who stated this as a fact of history and who thus helped to put a stop to a return to the bimetallic standard, was the man who, as Secretary of the Treasury, sent John Sherman the bill by which, in 1873, silver was *surreptitiously demonetized* in the United States. He afterward prospered politically and was United States Senator when he was chosen as one of the above commissioners to take evidence concerning the advisability of *remonetizing silver*, and report his conclusions. Think of it! This Judas placed on the commission to report on the advisability of undoing that which he clandestinely had helped to do! He was appointed by the Senate, a body which at that time worked unceasingly for the moneyed interests (page 160 above). **In the House, where the people's representatives truly represented them, the Commissioners were named by the Speaker** (page 160 above). It was this Speaker who appointed Gibson, the man who endorsed Professor Bowen's sophisms (see above). **And it was through the Speaker's appointees' in combination with the gold standard Senators, that Professor Bowen was selected.**

Let us now examine the statement of the chief public officials in the United States since 1873 — men whose nominations *were secured by the moneyed interests and by which same interests their elections were secured.*

Ambitious Men Who Won Office by Uttering Half-Truths.

Secretary of the Treasury Carlisle, in his noted Memphis speech, May 23, 1895, said: "The attempt to coin the two metals without limit as to the amount into full legal tender money and keep *both in circulation* at the same time has been made by nearly every civilized nation in the world and has *failed* in every one of them."

President Cleveland in his annual message to Congress, December, 1895, said: "Those who advocate a blind and headlong plunge to free coinage in the name of bimetallism and professing the belief, contrary to all experience, that we could thus establish a double standard and *a concurrent circulation of both metals in our coinage*, are certainly reckoning from a cloudy standpoint."

President Harrison in his annual message to Congress, December, 1891, said: "I believe it is the earnest desire of a great majority of the people, as it is mine, that a full coin use shall be made of silver just as soon as the coöperation of other nations can be secured and a ratio fixed that will give *circulation equally to gold and silver.*"

Major McKinley, in a speech in the House against a bill for the unlimited coinage of silver and gold at 16 to 1, said: "From 1795 to 1873 we had the free and unlimited coinage of silver in the United States, the two metals fluctuating in value from time to time, rarely if ever at a

parity, sometimes so varying and unequal that the President of the United States was compelled to suspend the coinage of the silver dollar—a rule made by Jefferson in 1805 and followed for thirty years afterwards. What we are considering here to-day, and what we have been considering almost without interruption for the last ten days, has been only the struggle of the century, which has vexed the statesmen of all periods of our history, and **that struggle has been to preserve the concurrent circulation of gold and silver** each on a parity with the other. And we have never been able to do it *until now.* At no time in the history of the United States have gold and silver so circulated side by side, *in equal volume,* as gold and silver have circulated concurrently since 1878. * * * It is only because of the safe and conservative [?] financial policy of the Republican party, aided by the conservative [?] men of both parties, which has more than once received the approval of the country, that since 1878 by our legislation we have compelled gold and silver to work together upon an equality, both employed as safe means of exchange in the business of our country."[1]

Thomas B. Reed, in his speech in the House for the repeal of the Silver Purchase law, August 26, 1893, said: "All you have to do is to apply yourselves to the history of the United States; and the speech of the gentleman from Tennessee (Mr. Patterson), a brave and admirable speech, shows conclusively that this country, *while it was pretending to be bimetallic in its standard,* **was never really so**; that one metal drove the other out of the country; that the standard was not possible of maintenance as long as there was an over-valuation."

We have laid before you the exact words in which the above mentioned men have attempted to deceive you, and they and their companions have fooled the people of the United States to such an extent that *the law has been retained which makes gold the measure of value,* **and those men have been elevated to offices who have advocated this appreciating measure of value.** In short, those benefited by an increasing measure of value **have won thus far,** BUT THIS IS THE FIRST NATIONAL CAMPAIGN SINCE 1873 IN WHICH THE MONEY QUESTION HAS COME BEFORE THE PEOPLE.

RESUMÉ.

You see now, how in the United States the voters have been deceived, first at the fountain-head of knowledge, the universities, **and with the authority thus conferred the moneyed interests have been able** TO ELECT THEIR CANDIDATES AND KEEP INTACT THE

[1] Congressional Record, June 25, '90, reprinted in "Speeches of Wm. McKinley," page 454.

LEGISLATION WHICH SECURES TO THEM AN APPRECIATIEG MEASURE OF EXCHANGE VALUE. As to their candidates, there are always plenty of ambitious men who will for the sake of gaining office, utter half-truths—the very worst kind of sophisms—and who when pushed to it will put forth outright falsehoods.

With the false premise that "bimetallism is the concurrent circulation of gold and silver *in about equal quantities*" the advocates for the beneficiaries of falling prices are able to say that

2. Free Coinage at 16 to 1 is Silver Monometallism. [1]

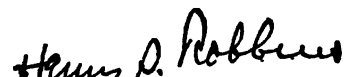
[1] President Cleveland in his Chicago letter of April 13, '95, said: "Disguise it as we may, the line of battle is drawn between the forces of safe currency [i. e. the gold standard and the issuance of the paper money by individuals through the banks] **and those of silver monometallism.**"

Of this false statement by the President, a dispatch from Washington sent out to the gold standard press the next morning after the letter appeared in print said:

Hard Blow to Bimetallism.

"It is becoming evident to the politicians that the President's letter was not only bold in meeting the issue squarely * * * but that the silver men were driven into an awkward corner by the declaration that the fight from this time forward is between honest money and Silver Monometallism. * * * Administration men say that they will have no difficulty in putting an end to the silver craze in the South and Mississippi Valley if they can convince the people that free coinage of silver means an absolute single standard, and that standard a silver one." (Chicago Tribune, April 17, '95.)

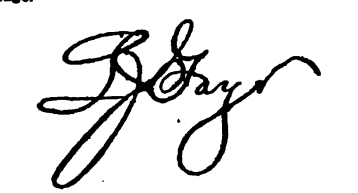
To help clinch the point made by the President, it was reissued in Chicago in a statement signed by Bank Presidents and the Head Professor in the department of Political Economy, University of Chicago. They said: **"Free coinage at 16 to 1 is silver monometallism."** No proviso was given to this statement and attached to it and twenty other reasons opposing the "immediate free coinage of silver at the ratio of 16 to 1" were the following names and official titles:



President Honest Money League of Illinois.

President Metropolitan National Bank, Chicago.

Professor of Political Economy, University of Chicago.



President First National Bank, Chicago.

President Chicago Board of Trade.

Marshall Field & Co. Chicago

Philip D. Armour & Co., Chicago.

When the advocates of the moneyed interests have to meet the claim that the effect of the bimetallic laws was to make the market ratio between silver bullion and gold bullion *practically constant* (pages 223, 234, above) they usually answer it in this way: They first misstate our claim and then they say that the proposition *as they state it* is untrue.

3. *Constant Ratio Between Metals Cannot be Maintained.*

What the Hired Men Say.

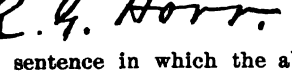
For example, Laughlin in his edition of "Mill's Principles of Political Economy" (1884) says: "A *constant* ratio cannot be maintained for any length of time."[1]

The man who made the above statement *for the use of the students in our colleges and universities* **reiterated practically the same thing in 1895 in a book to be used by the general public.** In his "Facts about Money" he says: "Before 1873 free coinage did not keep gold and silver at a parity. To claim that it did is simply an audacious perversion of the truth." (P. 41.) Here the term he uses is "parity." Now the fact which we have proven to you is that there was *practically* a parity between silver bullion and gold bullion at the mint ratio. Coin's Financial School which the "professor" is criticising, uses the term "substantially at par" (p. 29.) After he has thus clearly stated the fact, Coin, in making a general statement on page 35, uses the term "a parity." This was stated in connection with a table which showed the slight variations in the ratio up to 1873.

The Gold Standard Bureau in New York, known as the Reform Club, has issued a great mass of literature, of which the following is a sample:

W. A. Shaw wrote a book entitled "The History of Currency, 1852-1894." The chapter on "Bimetallism in France" reprinted by the above committee contains the following statement: "At no point of time during the present century has the actual market ratio, dependent upon the commercial value of silver, *corresponded with the French ratio of*

President Chicago, Milwaukee and St. Paul Railway



[1]The sentence in which the above statement occurs is as follows:

"While we [the United States] have nominally had a double standard from 1792 to 1873, in reality we have either had one alone, or been in a transition from one to the other standard; and the history of our coinage strikingly illustrates the truth that *the natural values of the two metals, in spite of all legislation, so vary relatively to each other that a* **constant** *ratio cannot be maintained for any length of time;* and that 'the poor money drives out the good,' according to Gresham's statement." (Laughlin's Edition of Mill, p. 316.)

15 1-2, and at no point of time has France been free from the disastrous influence of that want of correspondence between the legal and the commercial ratio. The opposite notion which prevails *and finds expression in the ephemeral bimetallic literature of to-day is simply due to ignorance.*"

Here the trick employed is the same as Laughlin uses: We do not claim that the market ratio "*corresponded* with the French ratio of 15½." It is very easy for our opponents to misquote us and then show that the quotation *as they state it*, is erroneous. **They set up a man of straw and then knock him over.**

What the Politicians Say Who Advocate for the Moneyed Interests.

In 1878 a bimetallic law at 16 to 1 was defeated by those who are "special pleaders" for the moneyed interests, by their bringing in a substitute measure providing for the purchase of silver bullion by the government. In this law of February 21, 1878, they shrewdly called for an international monetary conference for the purpose of "securing fixity of relative value between those metals [gold and silver]." Here they asked that the two *metals* be kept at a parity, **something which never had been accomplished and never can be accomplished.** If they had asked that gold *money* and silver *money* be kept at a parity *under unlimited coinage* there would have been no need for asking for an international agreement, for in France, previous to 1873, the two moneys remained on a parity, but the two *metals* fluctuated a little.

This same scheme was worked by the politicians in 1890. In the silver purchase law of July 14, 1890 — the bill which was used to defeat the bimetallic bill — the following words occur: "It being the established policy of the United States to maintain the two *metals* on *a parity* with each other upon the present legal ratio, or such ratio as may be provided by law."

The same trick was sprung upon the people in **the platform of the National Republican Convention of 1892.** It said: "The American people, from tradition and interest, favor bimetallism, and the Republican party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two *metals*, so that the purchasing and debt-paying power of the dollar, whether of silver, gold or paper, shall be at all times equal. The interests of the producers of the country, its farmers and its workingmen, demand that every dollar, paper or coin, issued by the Government shall be as good as any other."

This trick worked so well that it was also used **in the National platform of the Democratic Convention of the same year.** It said:

"We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage, but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value, or be adjusted through international agreement, or by such safeguards of legislation as shall insure the maintenance of the parity *of the two metals*, and the equal power of every dollar at all times in the markets, and in payment of debts; and we demand that all paper currency shall be kept at par with and redeemable in such coin. We insist upon this policy as especially necessary for the protection of the farmers and laboring classes, the first and most defenseless victims of unstable money and a fluctuating currency."

We will next ask you to recall the fact that the gold standard has existed only since 1873, (pages 234, 236 above.) The moneyed interests usually get around this fact **by claiming that the gold standard has existed since 1816** (the date when England stopped the free coinage of silver).

4. *"The Gold Standard Has Existed Since 1816."*

What the Hired Men Say.

"Down to 1816 England had a **silver standard** and" then passed "over to the **gold standard.**" This was stated in a series of University Extension Lectures *just previous to the national election of 1892*, by "**Sidney Sherwood, Ph. D., Wharton School of Finance and Economy, University of Pennsylvania.**"[1] These Lectures were put into print. **The list of patrons shows that they are almost all bankers.** The course was opened by an "address of Mr. William H. Rhawn, Chairman of Committee of Bankers." Thus did *the bankers*—**the beneficiaries of the appreciating gold measure**—TEACH THE VOTERS THAT GOLD AS THE MEASURE OF VALUE HAD EXISTED SINCE 1816. Of course, they did not say this *themselves*, as **people might have suspected them of self-interest,** SO THEY PUT FORTH THE LIE THROUGH A MAN WHOM THEY HAD CLOTHED WITH THE GARB OF A PRIEST OF SCIENCE—TRUTH.

Professor Laughlin while he was in Harvard University (1885) wrote his "History of Bimetallism in the United States." In this he states that after the Act of *1853* "the country had willingly acquiesced in the practical adoption of *the single gold standard*;" and this chapter is headed "The Gold Standard of 1853-73."

This same man in 1895, while in the employ of the trustees of the

[1] Page 199, History and Theory of Money, by Sherwood. Mr. Sherwood is now at the head of the Economic Department of Johns Hopkins University.

University of Chicago, said in an editorial in the Chicago Times-Herald, April 29th, "Silver dollars were worth about 104 cents of a gold dollar in 1853. So they then and there gave up trying to keep the silver dollar in use; *they had the gold standard* and gold in abundance and were satisfied."

During the summer of 1895 Laughlin wrote a book for distribution among the voters of the United States in which he says: "'Coin' [in discussing 'the act of 1873'] has said nothing in this connection about the very interesting act of February 21, 1853. * * * The act [of Congress] of 1853 tried and condemned the criminal [silver money as an unlimited legal tender], and after twenty years of waiting for a reprieve the execution only took place in 1873. The use of silver as an unlimited legal tender equally with gold was practically abandoned in 1853. * * * **This shows how really unimportant the subsequent act of 1873 was** after what was done in 1853."[1] Laughlin illustrates this fact by the following cartoon:

THE CRIME OF 1873.

The "Hired Man" would like to have the voters of the United States believe that the gold standard has existed in this country since 1853, and that the United States law of 1873 which took away the provision for the unlimited coinage of silver was of no importance as we had no silver or gold in circulation. But it is plainly the fact that, had the provision for the unlimited coinage of silver remained in force,

[1] Facts about Money, p. 54.

we should not have been obliged to resume specie payments in gold alone.

The Falsifiers of the International Monetary Conference of 1867.

The United States delegate to the International Monetary Conference of 1867 was Mr. Ruggles. This conference recommended unanimously the demolition of the bimetallic standard and the adoption of gold as the measure of general prices. On the floor of the conference Mr. Ruggles said: "Though the double standard still exists legislatively in the United States, it is virtually abolished in practice and hence *the United States has the gold standard alone.*"[1]

Senator John Sherman was in 1867 made Chairman of the Finance Committee of the Senate. He visited London in the summer vacation of that year. He then visited Paris, where the International Monetary Conference was in session, and wrote to our delegate, Mr. Ruggles, a letter in which the following appears: "France will surely abandon **the impossible effort of making two standards of value.**"[2]

The far-reaching effect of this letter, put forth as a semi-official utterance, is set forth below.[3]

[1] Page 841 of Appendix to Proceedings of Monetary Conference of 1878.

[2] Senate Executive Document No. 14, 40th Congress, 2nd Session, pp. 107-110.

[3] Soon after the receipt of this letter above mentioned, Mr. Ruggles obtained an interview with the Emperor Louis Napoleon. The report of that interview, among other things, says: "It was stated to the Emperor that **an eminent American statesman, Mr. Sherman of the Finance Committee in the Senate of the United States,** and recently in Paris, had written an important and interesting letter;" and this report further says: "The letter of Mr. Sherman's, originally written in English, **was presented in a French translation a few days afterwards to the International Committee in full session,** where it was received with unusual interest and ordered by the committee to be printed in both languages." (Same citation, p. 9.)

Mr. Ruggles in a letter to the Secretary of State, July 18, 1867, says: "On the 17th of May the undersigned presented to the International Committee the letter of Senator Sherman in a French translation, which was received with lively interest **and forthwith ordered, with the approbation of the Imperial Commission, to be published both in French and English.** It is but due to the history of unification of money to state that the earnest and active agitation of this subject in a practical form on the part of the United States **exerted its full share of influence in leading the Government of France to adopt the decisive measure of inviting in diplomatic form an authoritative 'conference' of delegates,** duly accredited, from all the nations of the European and American world, practically accessible, to meet at Paris on the 17th of June [1867], not merely for an exchange of views or a discussion of general principles, but, 'practically to seek for the basis of ulterior negotiation' between the nations." (Same citation, p. 13.)

Mr. Ruggles in his Report to the

After silver was demonetized in 1873 and the bimetallic standard broken, a commission was created in the United States as to the advisability of reëstablishing it.

The Falsifiers of the U. S. Monetary Commission.

Professor Francis Bowen, formerly of Harvard University, and one of the commissioners, handed in a minority report, saying: "The French attempt to establish a double standard *has been a total failure.* France **had silver for her only standard** from 1803 till about 1850, and **gold for her only standard ever since."**[1]

To the same effect is the minority report of Senator Boutwell. It was he who, as Secretary of the Treasury, sent to John Sherman the bill which surreptitiously demonetized silver. Mr. Boutwell was placed on the Monetary Commission to again work for the Beneficiaries of Falling Prices.

What the Politicians Say.

The politicans who hold or expect to hold office *at the hands of the beneficiaries of falling prices* **have from the above statements had sufficient authority to enable them to state to the people in the United States that** "THE GOLD STANDARD HAS EXISTED IN ENGLAND SINCE 1816; AND HAS EXISTED IN THE UNITED STATES SINCE 1834."[2]

Another "catch" is to ridicule the term "double standard." Concerning this term, President Andrews says: "While the most accurate bimetallists, perhaps, sometimes lapse into the expression 'double standard' **every one of them abhors it as a dangerous misnomer."**[3]

6. "Double Standard."

"J. Laurence Laughlin, Ph. D., Head Professor of Political Economy

United States Government dated November 7, 1867, said: "The establishment of the single standard exclusively of gold is in truth the cardinal if not the all-important feature of the plan proposed by the Conference. * * * **All these questions * * * were materially advanced by the publication at Paris of a concise but admirable letter from the Honorable John Sherman, Senator in Congress from the State of Ohio,** a copy of which has been already communicated to the Department of State, but which for more convenient reference is now transmitted herewith in duplicate with its French translation." (Pages 99, 100 of Report. The foregoing extracts appear in a speech delivered in the Senate of the United States by Hon. William Stewart, September 5, 1893. The title of the speech is "True History of the Demonetization of Silver.")

[1] Page 147 of Proceedings.

[2] As to the statement of William McKinley, see above, p. 246; Thomas B. Reed, p. 247.

[3] An Honest Dollar, p. 33.

in the University of Chicago," in his book entitled "Laughlin Versus Coin: Facts about Money," written for circulation among the voters of the United States, has a chapter entitled "**Alternating Standard in the United States, 1792-1873.**" It is illustrated as follows: (pp. 256-7)

Senator Sherman, Chairman of the Senate Finance Committee, went to London in the spring of 1867, and then to Paris where there was in session an International Monetary Conference. He wrote a letter to the Representative of the United States (Mr. Ruggles), in which he said: "France will surely abandon the **impossible effort of making two standards of value.** Gold coins will answer all the purposes of the European commerce."[1]

January 6, 1868, Mr. Sherman introduced in the Senate a bill to demonetize silver, under the title "A Bill in relation to the coinage of Gold and Silver." It was referred to his Committee. June 9 he reported the bill favorably and advocated its passage by an elaborately written report, in which he said: "**The impossible attempt to maintain two standards of value** has given rise to nearly all the debasement of coinage of the last two centuries."

In 1877 Senator Boutwell, one of the members of the United States Monetary Commission, brought in a minority report in which he says: "There can be but *one* standard of value in any country at the same time."[2] This was put forth to the voters of the United States by the man who occupied the office of Secretary of the Treasury in 1870, *and who sent to Sherman the bill which secretly demonetized silver.*

Professor Bowen of the same Commission as Senator Boutwell, also handed in a minority report in which he says: "Legislation is not competent to select *two* commodities and to declare that they shall *both* be the standard or common measure; or, in other words, that there should be a *double* standard. To attempt to do so is as absurd as it would be to declare by law that two clocks should both be the standard for measuring time, though, as everbody knows, no two clocks can be made which shall keep perfect time with each other. This theoretical view of the matter is amply confirmed by experience. **Every attempt to establish the so-called 'double standard' has been a failure.**"[3] Here this "Professor" points to the fact that the two *metals* did not remain on a parity, and from this instructs the voters of the United States that "the so-called double standard has been a failure." Strange, isn't it, that he should have overlooked the fact that there existed a *practically constant* parity between gold bullion and silver bullion, thus making them rise together in value and fall together? If he had mentioned this

[1] Senate Document number 14, 40th Congress, second session, pp. 107, 110.

[2] Page 137 of Report.

[3] Page 145 of Report.

fact of history and then pointed out that this was caused by the bimetallic laws on the one hand, and on the other by the law of nature termed Gresham's law, he would have explained matters **and thus the voters would have been instructed to vote for free coinage at 16 to 1 rather than the gold standard with its falling prices.**

We will next ask you to recall the fact above stated, that human Bimetallic laws, in connection with the law of nature termed Gresham's law, *resulted in a practically constant ratio between gold and silver.* Some of the gold standard advocates, however, claim that

7. *"Human Laws Cannot Affect the Exchange Value of Gold and Silver."*

What the Hired Men Say.

"J. Laurence Laughlin, Ph. D., Head Professor of Political Economy in the University of Chicago," in his book written in 1895, *for distribution among the voters of the United States,* **to persuade them to refrain from re-establishing the bimetallic standard,** in a chapter entitled "Mint Demand for Money" makes this statement: Coin's claim that *a mint demand can give a metal fixed value* is **"a diverting novelty. But it is based on the supposition that everybody is utterly innocent of the simplest monetary principles."** He continues: **"And to understand fully how ridiculous his position is** it will be necessary to explain briefly some points connected with the value of money." He then proceeds to put forth the fallacious argument which we have explained (p. 243).

Now, jurors, let me recall to your attention two of the provisions in

the bimetallic laws.—laws which resulted in a practically constant ratio between gold and silver. They were as follows: It made the coins of both gold and silver Legal Tender; that is to say, it made them receivable in payment of all obligations calling for "francs." The law also made it a criminal act to Attempt to Discriminate against gold money or silver money (pp. 225-227 above). **In the Face of these Historical Facts** Laughlin, in his "Facts about Money," *intended for circulation among the voters of the United States*, says in his chapter entitled "Nature and Functions of Money:" **"No law of Congress can do anything more than regulate the value of coins by deciding what number of**

grains of a given metal shall make up each coin. * * * It can no more fix the value of a coin than it can fix the value of wheat." [1] But in a later chapter he contradicts himself by truthfully stating that "when both metals are a Legal Tender for debts, public and private, **only that one will be used, where free coinage prevails, that is the less valuable of the two."** [2]

[1] Facts about Money, p. 94.

[2] Page 181. He also contradicts himself in an earlier chapter by showing the fact that Congress by its law of 1892 resulted in silver money coming into circulation and driving gold out of the country; and how by changing the law in 1834 *gold money was made the cheaper* **and consequently it came into the circulation and drove out silver.** He correctly illustrates these two facts by the cartoons reprinted on the above page and the opposite page.

Laughlin further contradicts his

What Politicians Say.

Secretary Morton, of President Cleveland's Cabinet, in an interview, April 21, 1895, is reported to have said: "I do not believe that an international congress can establish permanently a commercial ratio between gold and silver *any more than it can establish a commercial ratio between rye and wheat.*"

Mr. Horr, Financial Editor of the Weekly New York Tribune, in his debate with Mr. Harvey at Chicago, July, 1895, said at the ninth session: "The relative value [of gold and silver] has been fixed by the people of the world and *not by legislation.* That is a fixed fact."

In Congress the tools and dupes of the moneyed interests cry out, "Legislation cannot affect the ratio between gold bullion and silver bullion," and at the same time they fight the Restoration of Silver, well knowing that it will affect the relative exchange value of silver and gold. Mr. Crisp, in a free-coinage speech in the House, February 14th of this year (1896), said: "All around me are gentlemen on both sides of the House [Republican and Democratic sides] who insist that nothing we may do here can have any effect upon the value of silver bullion or upon the value of gold bullion."

The Gold Standard Press.

The New York Sun, during April, 1895, said: "The issue is between gold and silver as the standard of currency, the *value of each metal with respect to each other* and to other commodities *being totally beyond the power of any financial legislation or convention to change.*"

What the Beneficiaries of the Gold Standard Say.

The President of the New York State Bankers' Association (William C. Cornwell of Buffalo), in a speech before the Chicago Bankers' Club, April 7, 1895 — *a speech given to the press for publication throughout the United States* — said:

"On this silver question **the American people are beginning to discard the** OLD DELUSION [?] THAT LAW CAN REGULATE THE VALUE OF COIN." As to Falls in General Prices, he said: "It is natural law, legislation cannot cure it. There is as much claptrap about the program of the international bimetallists as there is in

statement that "A law cannot create [exchange] value in gold or silver." He does this in urging the people of the the United States not to vote for a law giving free coinage to silver and gold at 16 to 1, with the coins of each a legal tender for the payment of debts. He says: The result would be to drive gold out of circulation and bring silver into circlation. To use his own words: **"The free coinage of silver at 16 to 1 would cut all prices and debt paying by one-half;"** (page 156.)

hat of the circus doctor selling his universal cure-all." But later the rue animus of this sophism is shown when he says: "What would be he consequence of international bimetallism? The mints of the world would be opened at the ratio of 16 to 1 to anyone who cared to bring silver ullion in, to any extent. * * * Production of silver would be stimuated enormously." This shows that he admits that the exchange value f silver would go up and **thus the law** WOULD **affect the exchange alue of coin.** It is manifest, then, why he is against a return to bimeallism, and he stated his position unequivocally in the following words: 'It is time to tear off disguise [as an international bimetallist]. Interational bimetallism is a traitor in the camp. It is a false fraud. **It can ever be accomplished, thanks to the inability of several great nations o agree."**

We will not quote any more of the statements of our opponents that 'human laws *cannot* affect the exchange value of gold and silver." But we will ask you to recall *the reason why* the two metals combined resulted n more stable general prices than would have been the case had either metal been used separately. It was this: The *volume* (quantity) of metallic money *was more stable*, (page 235 above). As to the effect of *increasing* and *decreasing* the value of money within a country, we saw that with the great outputs of gold from the mines of California and Australia general prices *rose*. And the opposite is true, namely, that *when the volume of money decreases general prices fall, if other conditions remain the same.*[1] This law of Nature is by our opponents termed the Quantity *Theory*. Some of the ways in which they attempt to show it to be an *erroneous* theory are as follows:

8. *The Quantity Theory.*

What the Hired Men Say.

"That the general range of prices depends *on the quantity of money* and that *an increase* in the quantity of money *will bring about a general rise in prices* has become one of the commonplaces of economic theory. * * * But the enormous development of credit in modern times compels a modification."[2]

[1] **The Quantity Theory Fully Stated.**

The Quantity Theory is this: Lessening the quantity of money in use (in circulation) in a *country reduces general prices*, **provided the other conditions remain the same** (for example, the same volume of credits, the same rapidity of circulation, etc.), and increasing the volume of money in circulation *increases general prices*, **provided the other conditions remain the same.**

Same effect text above, also page 12, above, and the pages following, including a statement of this natural law by John Stuart Mill and Professor Marshall of Cambridge University, England.

[2] "The Silver Situation in the United

Here the catch is to misstate the quantity theory in the first sentenc and then to claim that *as he states*, it is an untruth. The above quota tion was put forth by "F. W. Taussig, LL. B., Ph. D., Professor o Political Economy in Harvard University." It appeared in a book pub lished *just before the election of 1892* **and in convenient form for distribu tion among the voters of the United States.**

A book appeared last summer entitled "Laughlin versus Coin Facts about Money." In it the following passages occur: "A funda mental assumption of 'Coin's' is that prices depend *entirely* upon th quantity of gold or silver in use." To prove that "Coin" said so Laughlin quotes from him the following words: "All writers o Political Economy admit the quantity theory of money." Laughlin's trick is to leave out from "prices depend entirely," etc,. the words "pro vided other conditions remain the same." Not only does he do this *bu he quotes Mill as his authority*, **leaving off the part of the paragraph containing the condition, "other things being the same;" and fur thermore he juggles with the paragraphs.**[1]

States," Prof. Taussig, chapter entitled "General Conclusions."

[1] Professor Laughlin says (p. 110), "To take but one well-known writer, John Stuart Mill, who does *not* hold that prices depend *on the mere quantity of metallic money* [observe how Laughlin misstakes the quantity-theory]; and yet he is constantly quoted as an upholder of the quantity-theory. One preliminary passage is given, and nothing thereafter. The following passage, when Mill is speaking of the ratio between money and goods, is usually given alone (page 296 of my edition of Mill):

"'It is to be remarked that this ratio would be precisely that in which the quantity of money had increased. If the whole money in circulation was doubled prices would be doubled. If it was increased one-fourth prices would rise one-fourth. There would be one-fourth more money, all of which would be used to purchase goods of some description. When there has been time for the increased supply of money to reach all markets or to permeate all the channels of circulation all prices would have risen one-fourth. * * * So that the value of money, *other things being equal*, varies inversely as its quantity; every increase of quantity lowering its value, and every diminution raising it, in a ratio exactly equivalent.'

"To found the whole doctrine of 'Coin's' book on such passages as this, which is an analysis merely of *a supposition not dealing with the existence of the present condition of the world*, shows that 'a little learning is a dangerous thing.' Why not go on and get Mill's conclusions (p. 299):

"'The proposition which we have laid down respecting the dependence of general prices upon the quantity of money in circulation must be understood as applying only to a state of things in which money—that is, *gold* or silver—is the exclusive instrument of exchange, and actually passes from hand to hand at every purchase, credit in any of its shapes being unknown. When credit comes into play as a means of purchasing, distinct from money in hand, we shall hereafter find that the connection between prices and the amount of the circulating medium is much less direct and intimate, and that

Here Laughlin attempts to fool the voters of the United States *into continuing the falling prices* **by two more barefaced frauds than were ever attempted by street fakirs.** This advocate for *the beneficiaries of falling prices* **attempts to keep the voters ignorant of what raises and depresses general prices** by claiming that *Coin and the other bimetallists misquote Mill*, and then, **to prove it, he quotes but half a paragraph,** LEAVING OFF THE PART WHICH PROVES HIMSELF TO BE A LIAR; nor is this all, for the half paragraph which he (Laughlin) quotes *refers to a section which he did not quote.* **This is but a sample of how the people have been fooled ever since 1873.** WHAT ARE YOU GOING TO DO ABOUT IT?

The "shell-game" above exposed was put forth by this same hired man on the Editorial page of the Chicago Times-Herald, May 10, 1895. To add to its weight, the title which his masters had conferred upon him was added to his name, namely, **"Professor of Political Economy, University of Chicago."**

Thus does the "hired man" strike for his masters, as did the Hessian troops in our Revolutionary War. Under the title conferred by a great university he speaks to the general public **with a prestige such as only a university can give** — an institution supposedly removed from the influence of "business" and "business methods." And thus clothed as a Priest of Science by his masters, who seek to hoodwink the people, his lies are placed in their daily press and in book form and placed before the people. The swindling games which are played with "shells" and "soap" and dice and cards **are open and aboveboard compared with this use of the name of a university and a professorship for the swindling and degradation of a whole people.** Will the

such connection as does exist no longer admits of so simple a mode of expression." (Facts about Money, p. 111.)

This last quotation *effectually sustains* the point which Laughlin attempts to make, *but he has stopped quoting right in the middle of a paragraph.* Here is the last sentence in his quotation and the remaining sentences in the paragraph:

"When credit comes into play as a means of purchasing, distinct from money in hand, we shall hereafter find that the connection between prices and the amount of the circulating medium is much less direct and intimate, and that such connection as does exist no longer admits of so simple a mode of expression. *That an increase of the quantity of money raises prices, and a diminution lowers them,* **is the most elementary proposition in the theory of currency,** AND WITHOUT IT WE SHOULD HAVE NO KEY TO ANY OF THE OTHERS. In any state of things, however, except the simple and primitive one which we have supposed, the proposition is only true, OTHER THINGS BEING THE SAME."

Not only did Laughlin leave off this part of the paragraph **which fully sets forth the quantity theory,** but the opening portion of this paragraph which he quotes **does not refer to the one which he (Laughlin) first quoted above.**

people arouse themselves and demand either that this prostitution of the monetary department of science in several of our universities be stopped, or that their franchises be revoked? *Certainly the truth concerning their methods should become known.* There are laws against the adulteration of the food for the stomach and **there should be laws against the adulteration of the food for the mind.** He who swindles is a swindler. In proportion as the intelligence of the individual and his position in society increases, in that proportion should the duty to tell the Truth be increased.

That Laughlin is using his professional title to induce the American public to trust his statements is manifest by the title-page of his book above quoted, namely "J. Laurence Laughlin, Ph. D., Head Professor of Political Economy in the University of Chicago." Examples of how he uses his title to help carry conviction to the people that he—Laughlin—is telling the truth, and that Coin has done practically nothing but lie, have been set forth above, one of which is the following: "The 'obfustications' in 'Coin's' book * * * about *the general relations of money to the industrial system* are so widespread that it may be well to take up this group of errors. **His ideas being utterly new and unknown to any student of money** from Copernicus and his "de Monetæ Cudendæ Ratione" down to the present time, **and depending merely on 'Coin's' genial fancy,** it may be absurd to take them seriously. But 'Coin' has been taken seriously and many people also wish to know wherein Coin is in error. **Therefore an idea of fundamentals may be helpful."** And then this "Head Professor of Political Economy in the University of Chicago" **proceeds to deceive his readers by half-truths and downright falsehoods.**

These and innumerable other falsehoods are what the voters of the United States are having placed in their hands as the truth by a man **whom the beneficiaries of falling prices have elevated to the Head Professorship of Political Economy in a University whose** FRANCHISE IS GRANTED BY THE PEOPLE OF THE STATE OF ILLINOIS FOR THE EXPRESS PURPOSE OF DISSEMINATING THE TRUTH! **If in 1896 the gold standard is continued by the voters** IT WILL BE BECAUSE THOSE WHOM THE PEOPLE HAVE TRUSTED HAVE PROVEN TO BE SERPENTS AND WERE NOT DISCOVERED AS SUCH IN TIME TO SAVE THE PEOPLE FROM BEING BITTEN. In fact, the "biting" has been continuous since 1873, and the people have been taught to believe that it came from almost every source except the true one; too much tariff, too little tariff, have equally been **the direction toward which the eyes of the people have been directed by the serpents** WHO HAVE BEEN SAPPING THEIR VITALITY.

Before proceeding further let us consider

MAN'S DUTY TO TELL THE TRUTH.

God reveals himself through Nature. Our knowledge of Nature secured through experimentation is termed Science. Now he who wilfully deceives as to the truths of Science, wilfully misrepresents God; and to the extent that he deceives mankind he is a swindler. He who *wilfully* misrepresents God is a blasphemer.

In proportion to the intelligence of the individual and his position in society is there a proportionate duty to tell the truth. What may be excused in an individual who makes his living by shaking dice and playing cards is not excused in a Professor in the Economic Department of a University.

Untruths concerning the natural laws of society are more harmful than untruths concerning almost any other subject. Society is the latest product of evolution **and it is, therefore, most complex; and by reason of this fact** AN UNTRUTH OPERATES WITH MOST HARMFUL RESULTS. This is generally recognized, **and accordingly there has grown up in society a method by which those who have shown the greatest proficiency in the natural laws of society are held out to the world as possessing it; just as the physician and lawyer are granted diplomas as to knowledge and kill in their respective professions.** One of the means by which society designates those who are supposed to be skilled in the Natural Laws of Society is through giving the title of

"Professor of Political Economy."

This title has very generally given the public confidence in the utterances of the individuals holding such offices, for in the universities of our Mother Country and in the rest of Europe, teaching *has been open to competition*, and, therefore, the individuals who have held them have done so BY FEARLESSLY FOLLOWING TRUTH WHEREVER IT LED.

In the United States, however, there is a new order of things. Instead of Competition in our Universities, there is Monopoly. The Professors and all the other teachers *are appointed by the Trustees* **and only those appointed are permitted to teach.** They thereby secure whatever teachings they wish, for, with a good salary and a position of honor, there can always be secured bright men, no matter how "hard" the case.

A large proportion of the Money Power **scruple at nothing which will bring about an increase in their riches, and have through the endowed universities secured the control of appointments to the chair of political economy in some of our universities and** EM-

PLOY NONE BUT GOLD STANDARD ADVOCATES; AND THEY HAVE THE STUDENTS. USE THE BOOKS WHICH ADVOCATE THE GOLD STANDARD BY UTTERING HALF-TRUTHS. **This is a deplorable state of affairs!** BUT AS IT EXISTS IT SHOULD AND MUST BE KNOWN TO THE PEOPLE.

An illustration of **how Laughlin poses before the public as a Priest of Science (Truth)** is the following: At the Waubansee Club banquet at Chicago, given at the Auditorium, May 4, 1895, Laughlin was paraded as one of the principal speakers of the evening. In the words of the Chicago Times-Herald: "Professor Laughlin brought with him *half* a dozen great muslin charts and maps, which were hung from the galleries of the banquet hall and formed the sole decorative effects of the Waubansee Club's schoolroom."

This "truth-seeker" (?) opened his address by saying: "It is a pleasure to be here in these stirring times of monetary warfare; for, I take it, I have been asked to speak here to-night, not because I am a member of any political party, but because **you would expect me, as a student of monetary science, to discuss the subject assigned me from a wholly nonpartisan standpoint.** And I have gladly accepted the invitation to be here **for this reason.** The settlement of our monetary policy is too important a matter to be turned over to partisan warfare. Political parties are divided on this question, and men of all shades of belief are honestly asking for the truth. IN A SPIRIT OF SINCERITY AND TRUTH, THEREFORE, I BEG TO BE ALLOWED TO STATE MYSELF ON SOME FACTS RELATING TO PRICES. I HAVE NO THEORIES TO PROPOSE, NO ABSTRACTIONS TO ENFORCE. I HAVE NO PLACE HERE FOR ANYTHING BUT FACTS, AND TO FACTS I SHALL MAINLY CONFINE MYSELF." He then launched forth on the question of Prices, *misstating* among other things the Quantity Theory and then claiming that *as stated by him* it was untrue. (Same effect page 260 above.) He then took up the Table of Prices prepared by the Senate Finance Committee, and compared the fall in prices from the year 1860, *instead of 1873*, the year that the bimetallic standard was demolished (same effect page 35 above), and he also compared the price of silver for the year 1895 with its ratio to gold in *1860*, whereas, 1873 was the year he should have taken for comparison (same effect page 154 above). These and other fallacies were uttered by this man, who knew he was misleading most of his hearers and would mislead nearly all those *who* should read it in the papers the following morning. **And he does it all so cunningly that he is almost sure to carry a person with him.**

9. *Resume.*

We have now set forth before you the defense put forth by the advocates for the beneficiaries of falling prices. You see that their argument

shortly stated is that "the bimetallic laws which existed previous to 1873 were unsuccessful attempts to concurrently circulate gold and silver in several countries under unlimited coinage." (Page 242 above.) In other words they say: "As soon as one metal in the market fell slightly below the legal ratio the other metal was driven out of circulation **and the country really had only a succession of single standards alternating between gold and silver."** [1] The arguments which follow this are simply attempts to back it up.

Now let us see *what is the reason they advance* **why gold and silver should concurrently circulate:**

VII. THE CONCURRENT CIRCULATION OF GOLD AND SILVER COINS.

A. *REASON: THE WEIGHT OF SILVER.*

In the words of Professor Laughlin: "Monometallism is not a belief in the sole use of gold. Its advocates regard gold *as the least variable of the two metals,* **as best suited for large payments**; and believe that **silver, as a cheaper and heavier metal, should also be used for smaller payments, but not as an unlimited legal tender."** [2]

Same effect statements set forth below.[3]

[1] History of Bimetallism in the United States; Laughlin, p. 5.

[2] History of Bimetallism in the United States, p. 5.

[3] In the words of **Professor Bowen in a Minority Report of the U. S. Monetary Commission of 1876:** "There are special reasons why silver is less eligible than gold for the chief place in a metallic currency. **Its weight and bulk are too great in proportion to its value, so that it is very inconvenient for use in large transactions and for the settlement of international balances.** Its proper place is a subordinate one; it is well fitted for small retail purchases and adjusting the fractional portions of accounts." (P. 151 of Report.)

John Sherman, in his book just published, says: "The question of the issue of a silver dollar for circulation as money had previous to my **report (as Secretary of the Treasury in 1877)** been discussed and carefully examined by a Commission organized by Congress which had recommended the [free] coinage of the old dollar." "In my Report I said that 'It best measured the common wants of life but **from its weight and bulk was not a convenient medium in the larger exchanges of commerce.'"** (Recollections of John Sherman, p. 614.)

President Hayes, in his Annual Message to Congress, December 3, **1877,** said: "In adapting the [proposed] new silver coinage to the ordinary uses of currency in the everyday transactions of life and prescribing the quality of legal tender to be assigned to it, a consideration of the first importance should be so to adjust the ratio between the silver and the gold coinage which now constitutes our specie circulation as to accomplish the desired end of maintaining the circulation of the two metallic currencies and keep up the volume of

Our answer is this :

B. *CERTIFICATES OBVIATE THE WEIGHT OF BOTH GOLD AND SILVER COINS.*

Gold coins are too heavy and cumbersome and as a result certificates have come into use, [1] and for the same reason silver certificates are used, **thus obviating all objection to silver as money because of its weight.** [2]

the two precious metals as one intrinsic money. It is a mixed question for scientific reasoning and historical experience to determine how far and by what methods a practical equilibrium can be maintained which will keep both metals in circulation **in their appropriate spheres of common use."**

[1] **The Gold Certificates** in circulation in the United States January, 1892, were stated by the Treasury Department as being $163,178,959. (Finance, Commerce and Immigration of the United States, for December, 1895, p. 744.) This amount of gold coin rested in the treasury vaults while the certificates issued by the Government were handed about as the medium of exchange.

Professor Marshall, of Cambridge University, advocates the use in England of certificates issued upon gold bars, and he says: "One of the chief motives which I, as well as Ricardo, had for advocating the use of bars instead of sovereigns was, that as things are at present, in consequence of the wear and tear of coins, and in some cases of the seigniorage, there is a greater fluctuation in the rates of exchange between different gold-using countries than there ought to be." (British G. & S. Com. Report, ₹10,204.)

[2] **Silver Certificates.** Professor Laughlin says: "If silver dollars alone had been receivable for customs and taxes [under the silver law of 1878] their weight and inconvenience in large payments would have restricted their use, **but the silver certificates remove all objections based merely on their weight."** (History of Bimetallism in the United States (1885), p. 207.)

The silver certificates in circulation in the United States, January, 1892, were $320,138,307. This amount of coined silver dollars was stacked up in the treasury vaults, while the certificates issued against it were used as a medium of exchange.

Other advantages of the certificates are, that **they prevent the abrasion of coins** which takes place when they are in use, and when the certificate is lost **the only destruction of value is that of a bit of paper.**

"Freight and insurance on coin and bullion **are charged for by value, not by weight.**

"In carting silver short distances, piling it in vaults, and shifting it from place to place there its weight and bulk are no doubt inconvenient. These very qualities, however, sometimes figures as virtues, **preventing loss from theft or oversight."** (President Andrews in "An Honest Dollar," p. 35.)

John Sherman on the floor of the Senate April 10, 1876, said to **the objection that silver is heavy to export:** "It costs no more to transport $100,000 of silver from one port or place to another than it does $100,000 of gold. This is true as shown by the statistics all the world over. By any form of conveyance the price of transporting $100,000 of silver is precisely the same as of transporting $100,000 of gold. * * * It is on the ground that transportation is based on value and not on weight, because it is the risk of loss that is the chief element of cost."

It is manifest that **the real objection to the use of silver money is not because of its weight.** What is it? What is the real objection? **This we will show to you by stating, in the order of time, the efforts which the moneyed interests have made to** INCREASE **the exchange value of money:**

VIII. THE MONEYED INTERESTS SEEK TO INCREASE THE MEASURE OF VALUE.

From 1809 to 1849 the exchange value of gold and silver increased 145 per cent.[1] They increased in value *together*, for the bimetallic laws maintained a practically constant ratio between them.[2] But with the gold discoveries in California and Australia there was a rapid increase in the output of gold from the mines and a fall in the exchange value of gold and silver.

A. *THE FALL IN THE EXCHANGE VALUE OF GOLD AND SILVER 1850-1857.*

It was thought by many that the exchange value of gold would fall very greatly. Holland, anticipating this, closed her mints to gold in 1850.[3]

In 1854 England sent Commissioners to California and Australia to investigate the probable continuance of the output of gold. After a thorough investigation it was the belief of these Commissioners that the great gold placers would soon be exhausted.[4]

In 1856-7 the French Economist, Chevalier, published a work entitled "The Fall of Gold," pointing out the increased production, and the increased gold prices for commodities, saying: "Those two countries [California and Australia] must have yet a long series of years to produce gold in such quantities and on such conditions as to render **a marked decline in its value inevitable. * * * We must regard the fall in the value of gold as an event** FOR WHICH WE SHOULD PREPARE WITHOUT LOSS OF TIME."

De Quincey, an eminent English writer, published at about the same time elaborate statistics from which he made the forecast that the annual output of gold would soon reach 70 millions sterling per year [$350,000,000]. This was about double the quantity then being produced.

(Congressional Record, First Session, 44th Congress, p. 2342.)

[1] Money and The Mechanism of Exchange, Jevons, p. 325.

[2] Same effect, chart on page 88.

[3] Money and the Mechanism of Exchange, Jevons, p, 135.

[4] Hon. William M. Stewart of Nevada, in a speech in the United States Senate, Sept. 5, 1895.

On the basis of the figures stated by the two writers just mentioned and others, **Portugal prohibited any gold from having a current value except English sovereigns. Russia prohibited the export of silver. Belgium, Germany and Austria demonetized gold, and France, alarmed but less hasty, issued a commission to inquire into the matter.**[1]

The Argument for the Demonetization of Gold.

The argument advanced was in effect this: "As governments control the weight and standard of money *they ought so far as possible to assure its value.* And as it is admitted that the tendency of the metals *is to depreciate,* **this tendency should be arrested by demonetizing one of them."**[2] GOLD BEING THE METAL WHICH IN THE 50's PROMISED THE MOST ABUNDANT YIELD, IT WAS SELECTED FOR DEMONETIZATION; see above.

By 1861 not enough countries had demonetized gold to demolish the bimetallic standard, therefore the market price of gold and silver kept together at a practically constant ratio.

B. *THE BIMETALLIC STANDARD STILL INTACT.*

The English people still refused to demonetize gold and open their mints to the unlimited coinage of silver. A further fact was this:

C. *RICH SILVER MINES DISCOVERED.*

"In 1861 the Washoe region, or **Comstock lode** began to attract attention. In 1863 three thousand silver-mining companies had been organized in San Francisco, with a nominal capital of $1,000,000,000 and with thirty thousand stockholders. European interest was so much excited that the French Emperer sent a special commission to examine these mines. **The ideas largely prevalent in 1868 may be found in a report of Ross Browne,** an official agent of this Government, which was extensively circulated, under the title 'Resources of the Pacific Slope.' Mr. Browne said in that report:

"'They [the precious metals] are now increasing more rapidly than is the demand for them, and *at the present rate of increase they will soon have to fall perceptibly;* **but the production will become much greater than it is.** * * * If all the argentiferous lodes of Mexico, Peru and

[1] Walker: Money, Trade and Industry, p. 155. Report of United States Silver Commission of 1876, pp. 15, 194.

[2] The Official Resumé of the Arguments presented to the French Monetary Commission of 1869, reproduced in Report of United States Monetary Commission of 1876, p. 16.

Bolivia, known to be rich, were worked with the machinery used at Washoe, THEIR YIELD WOULD REALLY FLOOD THE WORLD. * * * New deposits of silver will be found, and innumerable rich lodes on the Pacific slope of the United States, not yet opened, will be worked with profit ' "[1] There also existed this fact:

D. *THE OUTPUTS OF GOLD DECREASE.*

From 1861 to 1865 the average annual outputs of gold were decreasing. The gold was principally obtained by washing the alluvial earth, and **it was seen that the output was likely to greatly diminish.**[2]

In view of these facts the moneyed interests ceased their attempts to destroy the bimetallic standard by demonetizing gold, but turned against silver and worked for its demonetization.

E. *SILVER TO BE DEMONETIZED.*

1. *International Monetary Conference of 1865.*

In 1865 the governments of the states in Europe with bimetallic laws and using the franc system—France, Italy, Belgium and Switzerland—appointed delegates for a conference. They met in Paris November 20, 1865. **The delegates from Belgium and Switzerland wished the several states to adopt the gold standard,** BUT THE PROPOSITION WAS NOT CARRIED; same effect, page 241 above.

Early in this same year,

2. *The English Officials of the Indian Government Proposed to Close the Indian Mints to Silver.*

and make gold the measure of value.[3]

3. *International Monetary Conference of 1867.*

The instigators of this conference concocted the scheme *whereby the bimetallic standard was afterward broken through the demonetization of silver.* Before going into the details we will set forth to you the

a. GENERAL PRICES FROM 1857 TO 1867.

In 1857 money had reached its greatest depreciation, i. e., **the general prices of commodities were highest in 1857.** This was largely

[1] Report of the U. S. Monetary Commission of 1876, p. 17. It quotes the above to show how the real facts have been exaggerated.

[2] The largest annual outputs of the world's gold occurred from 1855 to 1860. For the years 1860 to 1865 it averaged about 8 per cent less. (Dr. Soetbeer's statistics.)

[3] Blue Book of 1865.

due to the Crimean war (England, France, Sardinia and Turkey against Russia) and the issuance of paper money by the states engaged. **At this time money had depreciated 30 per cent from the average exchange value of the years 1849-50.**[1]

For the year **1858** the general prices of commodities **fell 14 per cent** — money *ap*preciated.[2] The explanation of this great fall in prices is that the Crimean war had closed and there had occurred the great panic of 1857.

During **1859** general prices *rose about 3 per cent;* in **1860** they *rose 5 per cent;* in **1861** they *fell 1 per cent;* in **1862** they *rose three per cent;* in **1863** they *rose 2 per cent,* and in **1864,** *2 per cent.* A sufficient cause for this rise in prices was, first, **the recovery from the panic of 1857,** and then the great Civil War in the United States and **the issuance by it of paper money in such quantities as to drive the greater part of its gold and silver into other countries.** During 1864 general prices reached **the same height attained in 1857.**

By **1866** Italy had issued such quantities of paper money as to **cause her to suspend specie payments.** The issuance of paper money, it will be remembered, tends to drive gold and silver abroad, **thus tending to increase prices in the countries into which this metallic money goes.** PRICES, HOWEVER, IN THE COUNTRIES USING METALLIC MONEY WERE NOT AS HIGH IN 1865-6 AS THEY WERE IN 1864,[3] and Russia was still on a paper money basis, as was also the Argentine Confederation.

Such was the exchange value of money in the year 1867 — the year in which the International Monetary Conference convened. **It had not depreciated below what it was in 1857, and, furthermore, it was known that when the United States should resume specie payments** SHE WOULD REQUIRE IMMENSE QUANTITIES OF THE MONEY METALS AND, LIKEWISE, ITALY, WHEN SHE RESUMED SPECIE PAYMENTS, WOULD REQUIRE

[1] **Dr. Soetbeer's Statistics.**

100 Hamburg Articles and 14 Articles of British Export.

The average of 1847-50 is 100.

PERIOD.	
1851	100
1852	102
1853	114
1854	121
1855	124
1856	123
1857	**130**
1858	114
1859	116
1860	121
1861	118
1862	123
1863	125
1864	129
1865	123
1866	126
1867	124
1868	122
1869	123
1870	123
1871	127
1872	136
1873	138
1874	136
1875	130

[2] Soetbeer's Statistics above.

[3] The foregoing Table of Prices.

CONSIDERABLE OF THE MONEY METALS. But the moneyed interests continued to pursue their impish plan of demonetizing about one-half of the money metals. **They succeeded**—THEY TAMPERED WITH THE STANDARD WHICH HAD EXISTED SINCE MAN FIRST ROSE ABOVE THE SAVAGE STATE. (Page 234 above.) The evil effects which have followed from the Falls in General Gold Prices and the Division of the World Commercially we have pointed out.

We will now bring to your attention the Details of the International Monetary Conference of 1867, first noticing, however, the preliminaries.

b. THE PRELIMINARIES TO THE CONFERENCE OF 1867.

Early in the year 1867 the French government sent to the several states of Europe and the United States copies of the Monetary Treaty concluded in 1865 between France, Belgium, Italy and Switzerland, whereby these states agreed to use coins of like weight and fineness. The treaty also continued the bimetallic laws. (Page 241 above).

This treaty contained a provision whereby other governments could join. **An invitation to accept this provision accompanied the copy of the treaty.**

The letter to the United States contains the statement that in case it should not feel like joining in the treaty it is hoped it will feel disposed "either to enter into arrangements destined to establish equations between some of its monetary types of gold or silver and those which the convention [treaty] may determine, or to take part in an International Conference, at which might be discussed the means of arriving at a more extended monetary understanding." And the letter concludes, "The government of the Emperor will entertain with readiness the overtures which might be addressed to it in this view."[1]

Mr. Seward, Secretary of State, replied under date of February 13, 1867, saying: "Having consulted the Secretary of the Treasury upon the subject, I have the honor to state in reply to your note that this Government, both in its Legislative and Executive Departments, has repeatedly manifested its interest in the question of international unification of monetary standards; that the importance of a standard unit of equal value in all commercial countries for the uses of account and currency is fully recognized and appreciated; and that the ideal object presented in your communication being acceptable it only remains to be decided how the desired result may be brought about. * * *

"Both of the legislative branches having concurred in providing agencies for this purpose, **in connection with the Universal Exposition to be opened in Paris in April next,** on which occasion it is presumed

[1] Appendix to Report of International Monetary Conference of 1878, pp. 795-8.

that leading nations, not parties to the Convention before noticed, will be represented with authority vested in their delegates or commissioners to consider and report upon this question with those of the four Powers." [1]

The United States appointed as its delegate to the conference, Samuel B. Ruggles, "Scientific Commissioner of the United States to the Universal Exhibition." [2]

The delegates from the several states of Europe and the United States met in Paris. They formed what was called an

International Committee.

While they were in session Senator John Sherman of the United States, Chairman of the Finance Committee of the United States Senate, appeared in Paris. **He appeared not as a member of the Committee** BUT TO INFLUENCE ITS ACTION. HE CAME THERE FROM LONDON. WHOM HE MET WHILE IN LOMBARD STREET IS NOT KNOWN TO THE PUBLIC, BUT WHEN HE ARRIVED IN PARIS HE USED HIS INFLUENCE TO SECURE THE DESTRUCTION OF THE BIMETALLIC STANDARD AND THE ADOPTION OF GOLD AS THE MEASURE OF VALUE. In a letter written at his hotel in Paris to our delegate, Mr. Ruggles, he said: "France will surely abandon the impossible effort of making two standards of value. Gold coins will answer all the purposes of European commerce." (Quoted also at page 255 above).

This letter was presented by Mr. Ruggles to the Emperor, Louis Napoleon, and to the International Committee. **Shortly afterward the government of France sent out invitations to the several states, asking them to appoint delegates to a more authoritative conference concerning the unification of coins.** Concerning this, Mr. Ruggles, our delegate, wrote to Secretary of State Seward, saying: "On the 17th of May I presented to the international committee the letter of Senator Sherman in a French translation, which was received with lively interest and forthwith ordered, with the approbation of the imperial commission, to be published both in French and English. It is but due to the history of unification of money to state that *the earnest and active agitation of this subject* in a practical form, **on the part of the United States, exerted its full share of influence in leading the Government of France to adopt the decisive measure of inviting in diplomatic form an authoritative 'conference' of delegates,** duly accredited, from all the nations of the European and American world practically accessible, to meet at Paris

[1] Same citation, p. 798.

[2] Page 801 of Appendix to Proceedings of International Monetary Conference of 1878.

on the 17th of June [1867], not merely for an exchange of views or a discussion of general principles, but 'practically to seek for the basis of ulterior negotiation' between the nations."[1]

Twenty states sent delegates,[2] and on June 17th they came together in what is termed

c. THE INTERNATIONAL MONETARY CONFERENCE OF 1867.

The French Minister of Foreign Affairs presided. He opened the conference by saying:

Opening Address.

"The approximations which the late commercial reforms have wrought between the economic interests of nations ought to result in causing to be appreciated more earnestly than in the past *the advantages which would be derived from* **the unification of coinages.** To substitute, instead of the variety of monetary types actually in use, **metallic coins struck in accordance with uniform regulations** and placed beyond any variations of exchange, would in effect be to remove one of the most serious obstacles to the development of international relations. Thus, when in 1865 the delegates of France, Belgium, Italy and Switzerland had succeeded in forming between those four a real monetary union, *the thought of a more extended association naturally presented itself to their intelligence;* thence came the right of accession opened to other countries by a special clause in the convention of December 25, 1865; thence the wish put forth by the commissioners that studies should be undertaken, in concert, among all civilized states on the question of **uniformity of coinage.**"[3]

The presiding Minister of Foreign Affairs stated in conclusion that the eminent financier, M. de Parieu, Vice-President of the Council of State, would direct the labors of the Conference. Among the committees appointed at the first sitting was one to present to the conference the questions to be discussed. The next morning the committee reported the questions.

The Questions and the Result.

The first question related to the securing of coins of a like weight

[1] Senate Executive Document No. 14, Fortieth Congress, second session.

[2] The states were:

Austria,	Italy,	United States,	Sweden & Norway
Grand Duchy Baden,	Netherlands,	France,	Switzerland,
Bavaria,	Portugal,	Great Britain,	Turkey,
Belgium,	Prussia,	Greece,	Wurtemberg.
Denmark,	Russia,		

[3] Page 807 of Appendix to Proceedings of International Monetary Conference of 1878.

and fineness—Unification of Coinage, **but the second related to the Volume of Money; and so also did the six questions following this one.**

The very next day after these questions were submitted, the Conference voted to adopt "the EXCLUSIVE GOLD STANDARD, LEAVING EACH STATE THE LIBERTY TO KEEP ITS SILVER STANDARD TEMPORARILY". [1]

Only one vote was cast against this proposition, and his objection was to a minor point. Thus did these delegates *appointed to plan for coins of like weight and fitness* (*unification of coinage*) **decide at once that the Volume of Money should be largely decreased through the use of** GOLD ALONE. To show that this was a scheme set up by those who wished to increase the value of money is the fact that the conference abstained from entering into a discussion as to the probable effect of adopting the single gold standard, whereas it was a question which up to this time had deeply occupied the attention of governments. THUS WITHOUT DEBATING THE QUESTION IT WAS VOTED TO DEMOLISH THE STANDARD WHICH HAD EXISTED FOR THOUSANDS OF YEARS; THUS DID THEY VOTE TO CAST OUT ONE-HALF THE METALLIC MONEY OF THE WORLD. Without its effect being discussed on the floor of the conference (so that it would appear in the Proceedings) these "pipe layers" for the moneyed interests voted to demolish the bimetallic standard; **they voted to increase the exchange value of money and divide the world commercially into gold standard and silver standard countries** UNTIL SUCH TIME AS GOLD SHOULD BECOME THE UNIVERSAL STANDARD.

In concluding the conference, Mr. Parieu said:

Concluding Remarks at the Conference.

"By a most singular [?] coincident, when only two out of twenty states had gold for a standard, your conference decided upon it for the standard, with silver as a transitory companion. * * * This valuable unanimity on a question so important tending to perfect the monetary system of the convention of 1865 **will certainly influence public opinion and certain men in the interior states who may have retained any doubt on the question.** * * *

"If the germ of our collective, **enlightened and benevolent aspirations**, freed from the unpleasant compensations that sometimes attend

[1] It was also pointed out during the third and fourth days of the Conference that the method by which the gold standard would have to be introduced into the silver-using countries would be **by closing the mints to the unlimited coinage of silver and opening them to gold, and then later on gradually withdrawing the silver coins.**

the most seductive reforms, in which **we are all animated by the true spirit of civilization [?] and modern progress,** shall come to fructify around you, I hope, gentlemen, you will pleasurably recall the honorable memories of the part you have taken in these **delicate scientific discussions [?],** with the satisfaction of their joint pursuit, under a presidency so memorable, and with a facility and **harmony as perfect as that of delegates from a single nation in its ordinary deliberations."** [1]

d. RESUMÉ.

Thus was finished THE FIRST STEP **in the greatest conspiracy which the world has ever witnessed.** As is usual with conspirators against the welfare of humanity, they declared to those whom they were deceiving, that their aspirations were "enlightened and benevolent:" "we are all animated by the true spirit of civilization and modern progress." **With this cry they went forward to secure plunder by increasing the measure of value,— lowering the general prices of commodities and thereby increasing the value of credits.** There would have been some excuse had there been any probability that general prices would have *risen were not silver demonetized,* but such was not the case, for money was dearer than it was ten years before and it was known that the United States would soon come back to the use of specie, and that Italy, Russia and Argentina were also on a paper basis.

The increase in the value of credits was not the worst, for Falling Prices result in a "running down" of the productive forces — a setback to civilization.

We will continue to set forth the history of the efforts to destroy the bimetallic standard.

In the first place it is essential to set forth

4. *The Condition of the Times, 1861-1873.*

State Bankers Control the Government.

In the United States during the Civil War, 1861–1865, **the moneyed interests had exercised such power that** THE STATE BANKS KEPT ISSUING PAPER MONEY THROUGHOUT THE ENTIRE WAR,[2] **thus depriving the government of an amount of**

[1] Appendix of Proceedings of the Int. Monetary Conf. of 1878, p. 876.

[2] It was not until March 3, 1865, that a law was enacted levying a tax of 10 per cent on the amount of paper money of any State bank or State banking association *issued after the first day of July, 1866.* The fact that the bankers through their State banks kept inflating the volume of paper money is now concealed so far as possible by the moneyed interests. For example, the "tools" in the Treasury Department issue a Government publication called

revenue equal to their issues and helping to depreciate the Government paper money issued. From January 1, 1862, to February 1, 1863, the State bank issues in the loyal States *increased* **from $129,000,000 to $167,000,000.**[1] During this time the paper money issued by the banks in New York City increased in amount **19.63 per cent;** in the State of Massachusetts, **41.94 per cent;** in the State of New Hampshire, **27.05 per cent;** in the City of Philadelphia, **138.30 per cent.**[2]

The Power of the moneyed interests is further illustrated by this:

Laws Discriminate in Favor of Bankers.

Early in the Civil War a law was passed providing that manufacturers should be taxed 3 per cent on the entire product of their businesses, and were compelled to obtain a license; and the promissory notes of individuals had to pay a stamped duty in order to be valid. **But this law exempted bankers;** bankers were allowed to keep putting more and more paper money into circulation, thus depriving the government of just that much revenue and this without paying any tax, and they were not required to obtain a license; and it was only the *net proceeds* of the bank which were taxed, *thus exempting whatever salaries the bankers should charge up to themselves.*

Government Paper Money.

In 1862 the government needed financial assistance **or the Rebellion would succeed.** A bill for the Issuance of Paper Money by the general government was before Congress. The House by a large majority passed it with a provision making this money *Full Legal Tender.*[3]

"Finance, Commerce and Immigration" and in the October number, '95, a colored diagram showing what purports to be the volume of paper money in circulation in the United States from 1860 to the present time, but IT OMITS TO SHOW THIS BANK PAPER MONEY OF OVER $100,000,000.

[1] Speech of John Sherman in the Senate, Jan. 8, 1863.

[2] Same citation.

[3] National currency of this character had been advocated by Franklin, Jefferson, Adams, Madison, Jackson, Calhoun and Tyler *and successfully opposed by the moneyed interests.* **Were the exigencies of war to secure its adoption.** The moneyed interests of the United States and Europe banded together to defeat the issuance of such money. Among them, of course, were the State bankers who had vast quantities of paper money in circulation within the country. **"A delegation of bankers and coin-venders hastened to Washington.** They organized and requested the Committee on Ways and Means of the House and the Finance Committee of the Senate to meet them at the office of the Secretary of the Treasury. Their request was complied with on the 11th of January, 1862." (Gordon Clarke's Shylock, p. 35.) Space does not permit us to enumerate their demands, but part of them appear in the points debated in the Senate and stated below. *The bill, however, went before the House without the moneyed inter-*

"A doleful sound came up from the caverns of the bullion-brokers and the saloons of the associated banks. *Their cashiers and agents were soon on the ground.*" **The Senate was the battle ground.**[1]

A determined attempt was made *to strike out entirely* the legal tender provision, and thus interfere seriously with the effectiveness of the crutch upon which the Government depended. **Had the legal tender provision been stricken out it would doubtless have resulted in the success of the Rebellion,** for we then owed $100,000,000 to our soldiers, contractors, officers, judges, and civil magistrates and with the conditions such that "the needed sum could not be received from taxation for six months at least."[2]

After a bitter fight the legal tender clause was saved in the Senate with the exception that **the interest on such securities of the United States as bore interest should be paid in coin.** And mark you, *the contracts* whereby the United States agreed to pay interest *did not call for* "*coin.*" The bill was returned to the House and this amendment was set forth in all of its hideousness.[3]

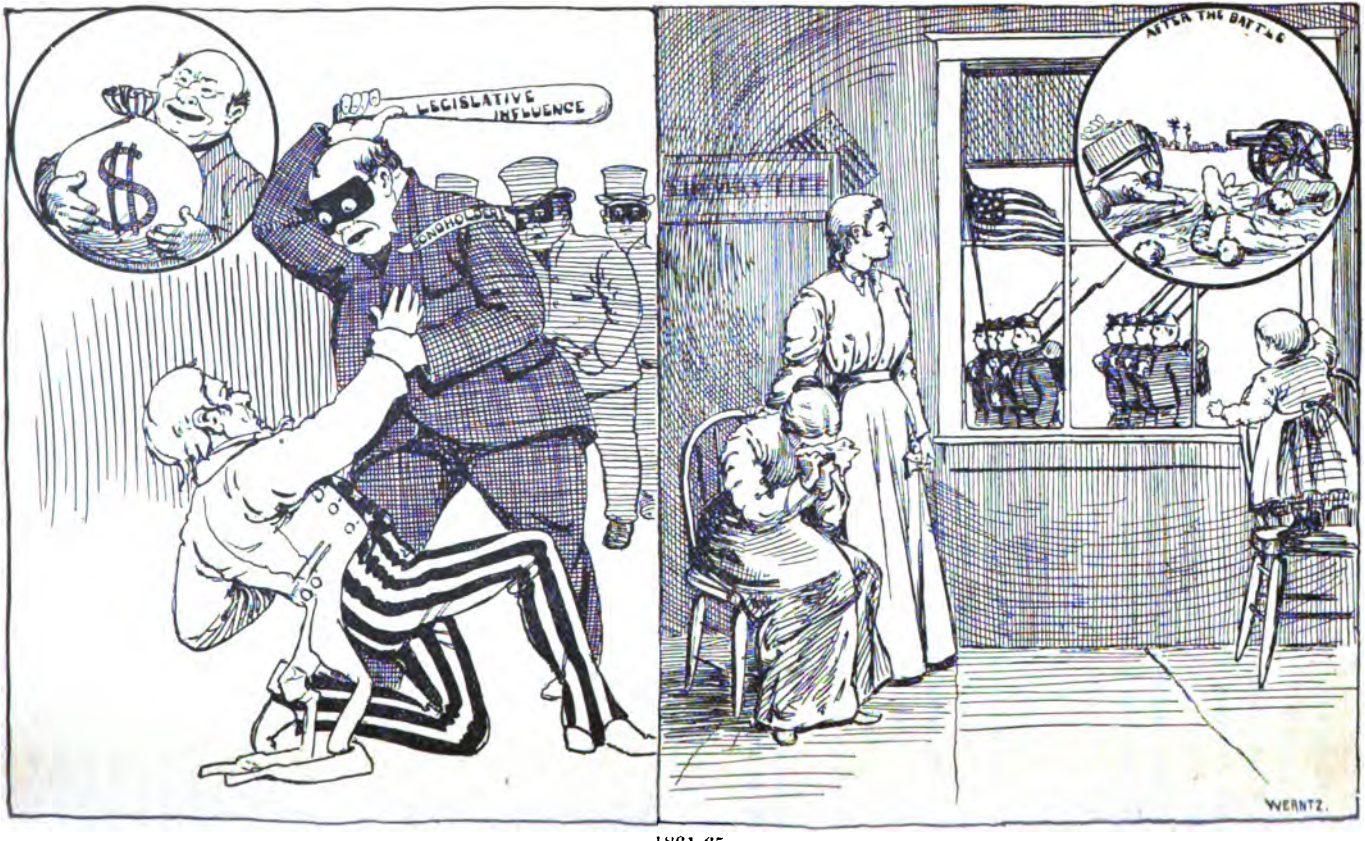
ents having secured any important changes. **It passed the House by a vote of 93 to 59.**

[1] Speech of Thaddeus Stephens in the House February 19, 1862.

[2] Report of Mr. Chase, Secretary of the Treasury.

[3] Mr. Spalding, a banker of Buffalo, opened the debate in opposition to this unjust claim of the moneyed interests. He said; This bill is "a necessary war measure. * * * The passage of this measure in this House was hailed with satisfaction by the great mass of people all over the country. It received the hearty indorsement of such bodies as the Chambers of Commerce of New York, Cincinnati, St. Louis, Chicago, Buffalo, Milwaukee and other places. I have never known any measure to receive a more hearty approval from the people."

"I desire especially to oppose the amendments of the Senate which require the interest on bonds and notes to be paid *in coin* semi-annually and which authorize the Secretary of the Treasury to sell 6 per cent bonds *at the market price for coin to pay the interest.* * * * I do not see why we should now in the present embarrassed condition of the government give any preference to one creditor over another, or change the form of our bonds and treasury notes **[already issued] by inserting the words 'payable in coin.'** * * * The bonds and notes heretofore issued *contained no such provision*; **it is not 'so nominated in the bond'** and I am unwilling to have it inserted at this time. * * * I am opposed to all those amendments of the Senate which make **unjust discriminations between the creditors of the Government.** A soldier or sailor who performs service in the army or navy is a creditor of the Government. The man who sells food, clothing and material of war, for the use of the army and navy, is a creditor of the Government. The capitalist is a creditor of the Government. All are creditors of the Government *on an equal footing.* * * * **Why make this discrimination?** I am opposed to all those amendments of the Senate which discriminate in favor of the holders of bonds and notes by compelling the Government to go into the streets every six months to sell bonds at the 'market price,' to purchase gold and silver in order to pay



"Make us preferred Creditors or we'll destroy the Union."

1861-65.

the interest 'in coin' to the capitalists who now hold United States stocks and Treasury notes heretofore issued, or that may hold bonds and notes hereafter to be issued; **while all other persons in the United States** (including the Army and Navy and all who supply them food and clothing) **are compelled to receive legal tender Treasury notes in payment of demands due them from the Government.** * * *

"Who are they that ask to have a preference given to them over other creditors of the Government? Sir, it is a very respectable class of gentlemen, *but a class of men who are very sharp in all money transactions.* **They are not generally among the producing classes** —not among those who, by their labor and skill, make the wealth of the country; but a class of men that have *accumulated* wealth—men who are willing to lend money to the Government if you will make the security beyond all question, give them a high rate of interest, and make it payable *in coin.* Yes, sir, the men who are asking these extravagant terms, who want to be **preferred creditors,** are perfectly willing to lend money to the Government in her present embarrassment, if you will only make them perfectly secure, give them extra interest, and put your bonds on the market at the 'market price,' to purchase gold and silver to pay them interest every six months. Yes, sir, entirely willing to loan money on these terms! Safe, no hazard, secure, and the interest payable 'in coin!' Who would not be willing to loan money on such terms? Sir, the legal tender Treasury note bill was intended to avoid all such financiering **and protect the Government and people,** who pay the taxes, **from all such hard bargains.** It was intended as a shield in the hands of the patriotic people of the country against all forced sales of bonds, and all extravagant rates of interest.

"The legal tender note bill **is a great measure of equality.** It proposes a currency for the people which is based upon the good faith of the people and all their taxable property. All are obliged to receive and pass it as money. * * * Every attempt on the part of any class of citizens to create distinctions and secure a legal preference mars the simplicity and success of the whole plan. The very discrimination proposed carries on its face notice to everybody that although the notes are declared to be 'lawful money and a legal tender in payment of debts,' yet there is something of a higher value * * * *to pay a peculiar class of creditors,* * * * **a kind of absurdity and self-stultification which does not appear well now, and will not look well in history.** You will, if the Senate's amendment is adopted, *depreciate by your own acts your own bonds and notes,* **and effectually destroy the symmetry and harmonious workings of the whole plan."** (Speech in the House February 19th, 1862.)

Mr. Thaddeus Stephens of the Committee who had drafted the bill made the closing speech in opposition to the Senate amendment. He said: "Mr. Speaker, I have a very few words to say. I approach the subject with more depression of spirits than I ever before approached any question. I have a melancholy foreboding that **we are are about to consummate a cunningly devised scheme which will carry great injury and great loss to all classes of the people throughout this Union,** EXCEPT ONE. With my colleague, I believe that no act of legislation of this Government was ever hailed with as much delight throughout the whole length and breadth of this Union, by every class of people without any exception, as the bill which we passed and sent to the Senate. * * * **It is true there was a doleful sound came up from the caverns of** BULLION-BROKERS **and from the saloons of the** ASSOCIATED BANKS. Their cashiers and agents were soon on the ground **and persuaded the Senate** with

An amendment was offered by Thaddeus Stephens to place the officers and soldiers of the army and navy, and those who should supply them with provisions, *upon the same footing with the government creditors who held their bonds.* **It was voted down;** nays 72, yeas 67.

The Senate amendment providing that the holders of Government Bonds should be paid IN COIN **was adopted by the House; yeas 88, nays 56.** Among those voting in the affirmative were Roscoe Conkling of New York and Justin S. Morrill of Vermont.

but little deliberation to mangle and destroy what it had cost the House months to digest, consider and pass. * * * Instead of being a beneficent and invigorating measure, it is now positively mischievous. It has all the bad qualities which its enemies charged on the original bill, and none of its benefits. **It now creates money and by its very terms declares it a depreciated currency. It makes two classes of money**—ONE FOR THE BANKS AND BROKERS AND ANOTHER FOR THE PEOPLE. It discriminates between the rights of different classes of creditors, allowing the rich capitalists to demand gold and compelling the ordinary lender of money on individual security to receive notes which the Government *had purposely discredited.* * * *

"THIS IS THEIR [THE ASSOCIATED BANKS] AMENDED BILL. * * * We will be again in the clutches of these harpies. I do not want to use hard names. I suppose these men act from instinct. * * * Who is this favored class? The bankers and brokers and nobody else. * * * *But how is this gold to be raised?* The duties and public lands *are to be paid for in United States notes,* and they or bonds are to be **put up at auction, to get coin for these very brokers, who would furnish the coin to pay themselves** BY GETTING TWENTY PER CENT DISCOUNT ON THE NOTES THUS BOUGHT. * * *

"I have proposed an amendment to the Senate amendment. * * * My amendment is offered for the purpose of curing a little the evils and hardships of the original amendment of the Senate. And though it may be adopted, I shall vote against the whole as amended. My amendment is to except from the operation of the legal tender clause *the officers and soldiers of the army and navy, and those who supply them with provisions,* **and thus put them upon the same footing with the Government creditors** WHO HOLD THEIR BONDS. **I hope they will not be thought** LESS MERITORIOUS THAN THE MONEY-CHANGERS. I trust it will be adopted as an amendment to the Senate amendment, so that if this pernicious system is to be adopted, if the beauty of the original bill is to be entirely impaired, those who are fighting our battles, and the widows and children of those who are lying in their graves in every part of the country, killed in defense of the Government, may be placed upon no worse footing than those who hold the bonds of the Government and the coin of the country."

Referring to the demands of the money-lending class, Mr. Kellogg of Illinois, on the floor of the House, said: "I am pained to sit in my place in the House and hear members talk about 'the sacredness of capital;' that the interests of money must not be touched. Yes, **sir, they will vote 600,000 of the flower of the American youth for the army** TO BE SACRIFICED WITHOUT A BLUSH, BUT THE GREAT INTERESTS OF CAPITAL, OF CURRENCY, MUST NOT BE TOUCHED."

Other of the Senate amendments were disagreed to and conference committees were appointed by the House and Senate. The result is thus described by Judge Kelley: "I remember the grand old commoner [Thaddeus Stephens] with his hat in his hand and his cane under his arm, when he returned to the House from the final conference, *shedding bitter tears* over the result. 'Yes,' said he, 'we have had to yield. The Senate was stubborn. **We did not yield until we found that the country must be lost or the banks be gratified; and** WE HAVE SOUGHT TO SAVE THE COUNTRY IN SPITE OF THE CUPDITY OF ITS WEALTHIEST CITIZENS." (See also page 278.)

In spite of the exception clause in the legal tender act, the paper money issued under it would have kept at par **had the Government been able to control the Bankers.**

The State Banks Kept Issuing Great Sums of Paper Money.

In the words of John Sherman in February, 1863: "If there was no money in this country but *United States* bank bills, the process of funding would go on day by day. Whenever there was too great an accumulation of these bills they would be converted into bonds; the operation would go on quietly and silently." **It, however, was not until after the war closed that the State banks were obliged to desist from issuing paper money. The way this law was secured was by giving the bankers greater privileges.** This was done under the National Bank Act.

Greater Privileges for the Bankers: The National Bank Act.

In discussing this bill John Sherman on the floor of the Senate said: "There are now $167,000,000 of local bank circulation in the country. Suppose we can induce, through their interests—I do not propose to do it by any arbitrary mode—the retirement of $100,000,000 of this circulation."

This was said in January, 1863. *It is here admitted that the change from local banks to national banks was to be* **to the benefit of the banking interest.** Think of it! In the midst of a great civil war, when the flower of the country were being drafted, forced to the front, and shot down by thousands, the issuance of paper money by the banks was handled by the legislative department of government **so as to induce them** "THROUGH THEIR INTERESTS!" Of course the bill for the national banks was passed. It became a law February 25, 1863. The 100 millions of State bank circulation was withdrawn, yet in its place reappeared *more* than 100 millions of paper money *issued by individuals through their national banks.* This national bank act *besides assuring the bankers of the right to*

continue the issuance of paper money **furnished a paper money which was good throughout the United States. This was essential to bank paper money,** IF THE BANKERS HOPED TO PASS A LAW TO RETIRE THE GOVERNMENT'S ISSUE OF PAPER MONEY.

The Bankers' Motive

for taking from the government the issuance of paper money was threefold; first, in order that *the people* through their government *should not retain control over the volume of money — the measure of general prices.* The second reason was that they wanted the volume of money *lessened,* as thereby its exchange value would be increased. And thirdly, they wished to receive *the interest* on whatever paper money was issued. **The death of President Lincoln aided them in their scheme,** for he had declared that:

Lincoln's Sayings.

"If a government contracted a debt, with a certain amount of money in circulation, and then contracted the volume before the debt was paid, it is the most heinous crime that a government can commit against the people."

Lincoln also said: "Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation."[1] This is a straight-out declaration for Stable Money.

The Effect of Falling Prices he clearly pointed out in a speech in Springfield December 20, 1839 (page 114 above).

On three widely separated occasions he stated that "Labor is the superior of Capital and deserves much the higher consideration."[2]

President Lincoln in a letter to his friend Elkins in Illinois in 1864 said:

Lincoln's Prophecy.

"Yes, we may all congratulate ourselves that this cruel war is nearing its close. It has cost a vast amount of treasure and blood. The best blood of the flower of the American youth has been freely offered upon our country's altar that the nation might live. It has been indeed a trying hour for the republic; but I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country.

"As a result of war, corporations have been enthroned and an era of

[1] Annual Message to Congress, December 1, 1862.

[2] Annual address before the Wisconsin State Agricultural Society at Milwaukee, Wis., September 30, 1859. Annual Message to Congress December 3, 1861. Reply to the Committee from the Workingmen's Association of New York, March 21, 1864.

corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands, and the republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicion may prove groundless."[1]

Lincoln's death occurred April 15, 1865. **On the following September a law was passed**

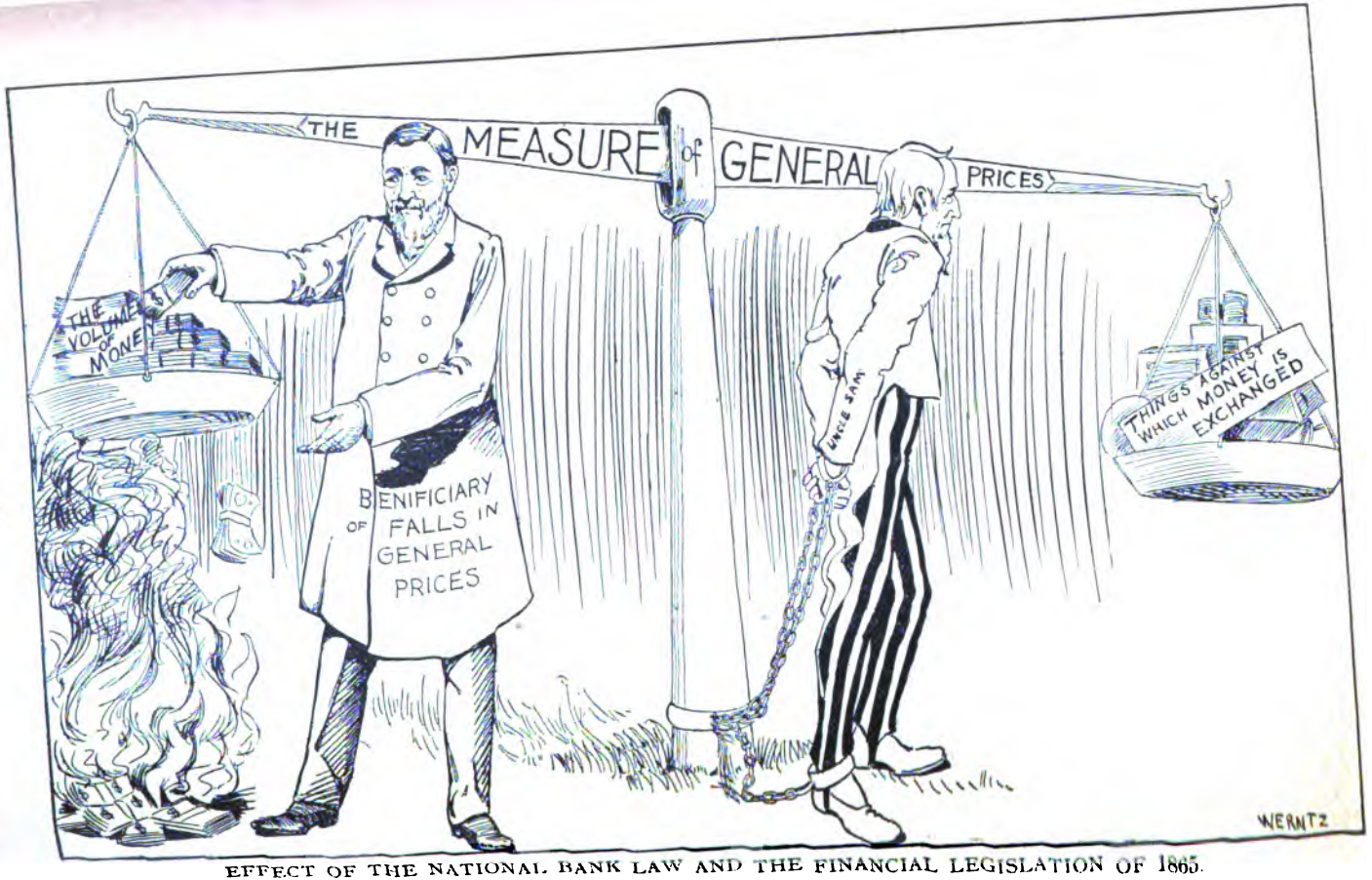
To Retire Gradually the Paper Money Issued by the United States.

The Secretary of the Treasury, Mr. McCulloch, when he came into office and for some time after, continued an advocate of Stable Prices—Stable Money. But *he suddenly changed his views* (see below) and in his annual report, December, '65, advocated a policy of contracting the volume of money, and this, too, in the face of the fact that the Southern States required a medium of exchange and the armies of the North and South were disbanded and engaged in production, thus increasing proportionately the things against which money exchanged. Congress a few days later (December 18th) adopted a resolution concurring "in the views of the Secretary of the Treasury in relation to **the necessity of the contraction of the currency,**" and on the following 12th day of April passed a law FURTHER EMPOWERING HIM TO CONTRACT THE CURRENCY.

How McCulloch Contracted the Currency.

"During McCulloch's first year in office he retired 43 millions of dollars in greenbacks and more than 350 millions in other forms of indebtedness that entered more or less into the volume of money. By July, 1868, he had cut the legal tender and non-interest bearing part of the national debt down to 406 millions, having funded nearly all the rest in long-time bonds. In 1869, our money circulation, including bank issues, was less than 700 millions of dollars." **Before this contraction took place** "the legal tender money of the United States was $985 millions and in addition to this currency of direct and full legal power there was *almost as much more in amount* of short-time treasury notes, certificates of indebtedness and the like *which served to a considerable extent for money in large transactions.* **As a consequence business was done mostly for cash, and as McCulloch himself**

[1]The above was published in a collection of Lincoln's Sayings, years and years ago, by Mr. Jesse Harper. Mr. Harper is still living and is a respected citizen of Danville, Ill.


THE MEASURE of GENERAL PRICES
THE VOLUME OF MONEY
BENIFICIARY OF FALLS IN GENERAL PRICES
UNCLE SAM
THINGS AGAINST WHICH MONEY IS EXCHANGED
WERNTZ

EFFECT OF THE NATIONAL BANK LAW AND THE FINANCIAL LEGISLATION OF 1865.

said, the people were individually 'out of debt.'" [1] But with the great contraction in the volume of money and the increased demand for money, the prices of commodities in general fell in the United States from an average of 216.8 in January and July, 1865, to an average of 172.2 in January and July, 1867.[2] **The injuries occurred which always follow falls in general prices.** The terrible effects of the measure of exchange value **increasing 25 per cent in** TWO YEARS were everywhere manifest,[3] and the people rose up and demanded that Congress put an end to the contraction of the circulating medium. **This pressure and the fact that a national campaign was at hand resulted in the law of February 4, 1868, stopping the contraction.** John Sherman in the Senate said that "contraction should go no further while industry is in a measure paralyzed, and that Congress ought to resume control of the currency **which should not be delegated to any single officer."**[4] Hon. W. D. Kelley told the citizens of Philadelphia: **"Hugh McCulloch 'hamstrung' the whole nation.** All affirm that his management of the finances, while it *enriched him and made him a great London banker*, **has cost the American people more than the war did."**

Berkey says: "McCulloch not only entered into the designs of the money power, but became its most subservient tool, and retired with the reputation of being **the first Secretary of the Treasury who had ever prostituted his high office for the purpose of enriching himself and his associates."** [5]

McCulloch's record in May, 1865, very shortly after his accession to the post of Secretary, was this: He agreed with Henry C. Carey, one of America's most noted economists and a student of the effect of Falling, and Stable Prices, that "in view of the great changes now to be met—millions of men, North and South, returning from the field and needing to seek employment, at a time when the Government must not only

[1] Gordon Clark's Shylock, pages 49, 50.

The contraction in the currency was considered by Senator Sherman, January 9, 1868. He said: "$140,000,000 have been withdrawn out of $737,000,000 in less than two years. **There is no example that I know of, of such rapid contraction."** (Congressional Record, January 9, 1868; also John Sherman's Recollections," page 434.)

[2] Senate Report of Wholesale prices.

[3] In the Senate, January 9, 1868, John Sherman, in advocating a bill to stop the contraction of the currency, said: "It will satisfy the public mind that no further contraction will be made when **industry is in a measure paralyzed.** We hear a complaint from all parts of the country, from all branches of industry, from every State in the Union, that industry for some reason is paralyzed, and that trade and enterprise are not so well rewarded as they were." (Congressional Record, January 9, 1868; also "John Sherman's Recollections," p. 434.)

[4] Blaine's Twenty Years in Congress, Vol. II., p. 331.

[5] Money Question, p. 218.

cease to be a purchaser, but must, on the contrary, become a seller of commodities it had already purchased — **it was most desirable that all our measures should tend in the direction of stimulating production and making demand for labor.**" Carey further says: "If I had my will, gold should be at 2.00 for the next seven years; as the premium afforded a protection that even false invoices would not enable the foreigner to avoid." To this Secretary McCulloch replied: "That is too much; **but I would gladly see it at 1.75.** But "**Three months later,**" says Mr. Carey, "he was instructing his representatives abroad to give assurance that **we should resume specie payments before the first 7-30s became due.**" "Two months yet later came the destructive Fort Wayne decree [that he would contract the currency]; and from that hour did the Secretary persist in the absurd and injurious course of policy therein announced. But a few months later be presented himself as an opponent of the doctrines of Mr. Clay, *of which he had been before the advocate.* What is the value to be attached to his present opinions may be judged from this exhibit, now for the first time put on paper, although fully authorized by him on the day succeeding the conversation above described. He is, I believe, **the only one of our finance ministers who has ever retired with the reputation of a large fortune accumulated during his term of office.**"[1]

As we have just stated, the effect of falling prices was such that "the people rose up, demanding that Congress put an end to the contraction of the circulating medium," and that "This pressure and the fact that a political campaign was at hand resulted in the law of February 4, 1868, stopping the contraction." In the national campaign which followed,

The Campaign of 1868.

The Republican platform was drawn to suit the moneyed interests. A great effort was made to control the Democratic party. The Convention was held in New York City and the New York banker, August Belmont, agent of the Rothschilds, was made Chairman of the Democratic National Committee. The platform declared, however, that all obligations against the government payable in lawful money of the United States should be paid *according to the contract* and not paid in coin; quick payment of the national debt, and one currency for the people and the bond-holder, i. e., *the repeal of the Exception Clause in the Legal Tender Act.*

"Of course our Boss Rothschild would not stand any such nonsense as that; and so Belmont, who owned a large interest in the New York

[1] Statement of Henry C. Carey, Published in Our Money Wars. Leavitt, p. 130.

World, was ordered to order Manton Marble [the editor] to play Benedict Arnold with his always-for-sale World, just before election—just on the eve of the great battle; and this leading Democratic paper came out October 15, 1868, in a double column editorial, denouncing Seymour as unavailable and unfit for the Presidency of the United States; and *advised his withdrawal.*" Through this, and the popularity of General Grant, together with the conditions existing as to the late war and President Johnson, the Democratic party was defeated. "It is an interesting fact that **Marble,** who not long before had been a reporter on the Evening Post and who had run the World at a loss for various masters, **now suddenly acquired a fine brown-stone mansion on Fifth Avenue and all that that implies.** Residing at present in Paris, he occasionally instructs the American public, by Orphic oracles, concerning 'the money question;' to which nobody who at all understands it pays any attention."[1]

Before the national campaign of 1868, Sherman, Morton, of Indiana, and other leading Republican Senators had opposed coin payment of the bonds. After this time they were changed, for, as we shall see, they voted for it.

The so-called "Credit Strengthening Act"

became a law 14 days after the Republican nominee was sworn into office. It is as follows: The law says:

Be it enacted, etc.: That, in order to remove any doubt as to the purpose of the Government to discharge all its obligations to the public creditors, and to settle conflicting questions and interpretations of the law, by virtue of which such obligations have been contracted, it is hereby provided and declared that the faith of the United States is solemnly pledged to the payment *in coin, or its equivalent,* **of all the obligations of the United States not bearing interest known as United States notes** [i. e., the paper money issued by the United States and given legal tender qualities except in the payment of interest due by the United States,] **and of all the interest-bearing obligations,** EXCEPT in cases where the law authorizing the issue of any such obligations has *expressly provided* that the same may be paid *in lawful money, or in any other currency than gold and silver;* but *none* of the said interest-bearing obligations not already due **shall be redeemed or paid before maturity, unless at such times as United States notes shall be convertible into coin.**

"And the United States also solemnly pledges its faith to make provision for the redemption of the United States notes in coin."

[1] Our Money Wars, Leavitt, p. 142.

It is proof positive that **Europe did not consider the six per cent 5-20s bonds** as being "coin" bonds, that on November 30, 1867, they were sold in London **at 70 5-8 cents**; while New Brunswick and Cape of Good Hope six per cent coin bonds sold at 105; Russian five per cents at 85 and Brazilian five per cents at 75.[1]

At the time this act was passed, changing the payment of the bonds from greenbacks—then of much higher exchange value than the money paid for the bonds—to coin, **there was outstanding $1,500,000,000** of 5-20 bonds; all to become due within the next twelve years.

To avoid the risk of a repeal of the so-called credit strengthening act, the moneyed interests secured the enactment of a law, substituting new bonds payable in coin.

Payment in Coin Further Assured.

This law of July 14, 1870, authorized the issue and sale of $1,500,000,000 of United States *coin* bonds to refund the 5-20s. The coin bonds put out in place of these 6 per cents, drew interest at 5, 4½ and 4 per cent. While this reduced the interest charges and so was a benefit to the people, it gave the great creditors of Europe a "coin" bond; and, furthermore, one billion of the bonds were, contrary to established usage, made to run **30 years with no option on the part of the Government to call them earlier.** These bonds were many of them purchased afterward by the Government at **25 per cent premium.**

Here's another one.

Interest on Bonds Paid in Advance.

By joint resolution of March 17, 1864, **enacted at a time when the exigencies of war required unusual provisions,** the Secretary of the Treasury was "authorized to anticipate the payment of interest on the public debt by any period not exceeding one year, from time to time, either with or without a rebate of interest upon the coupons, as to him may seem expedient." **After the war closed this resolution was continued in force and from 1864 to 1869 the Secretary of the Treasury paid the interest on the bonds one year in advance of its becoming due** AND WITHOUT REBATE.

This fact appears in "an official letter now in my possession, signed by H. F. French, acting Secretary of the Treasury, and dated April, 1880." This was stated by General J. B. Weaver in a speech delivered in Congress, May 10, 1880, after he had recited the facts above set forth. (Reprinted in Heath's Labor and Finance Revolution, p. 243.)

[1] Our Money Wars, Leavitt, p. 145.

We will now turn to

Instances in Which Dishonest Public Officials Were Detected.

History shows that for some years after 1865 the halls of Congress warmed with lobbyists and that legislation was secured by them through he various species of bribery. A noted case is that of

The Crèdit Mobilier.

The American Cyclopedia says: "In January, 1867, the charter of he 'Crèdit Mobilier of America' was purchased by a company organized r the construction of the Union Pacific Railroad, the stock was reased and afterward rose to a great value, paying enormous divinds. In 1878, in the course of legal proceedings in Pennsylvania, reecting the ownership of stock, it appeared that **several members of ngress, as well as the actual Vice-President [Colfax] and one of the ndidates for the Vice-Presidency, were more or less secret stockhold-**. * * * The result was a Congressional Investigation in the Sesn of 1872-3. On February 27, 1873, the Senate Committee made a port which closed with a resolution to expel one Senator; but no tion was taken on it and five days later his term expired. In the louse of Representatives resolutions censuring two members were ssed."[1]

The law giving the

"Salary Grab"

as passed March 3, 1873. It included two years' back salary. This galized robbery of the people aroused such a storm of indignation that ongress repealed the bill.

In 1873 *Secretary of War Belknap, Charged with Bribery*, resigned s office.

In the same year "Clinton Colgate confessed before the Ways and eans Committee to the use of money to influence the incorporation of ecial features in the Internal Revenue bill, testifying among other ings, that Charles Sherman, United States District Judge in Ohio, and r [eldest] brother of Senator Sherman, had been paid $10,000 by the ew York Stock Exchange in connection with the Revenue bill. The icers of the Stock Exchange were subpœnaed and the facts developed at while the money had not been paid, Judge Sherman had rendered a ll to the Exchange for his services, and as he claimed,

For Securing the Services of his Brother, Senator Sherman,

put the bill through.[2]" The Judiciary Committee were directed to

[1] Title Credit Mobilier, Vol. 5, p. 471.

[2] Col. Harvey in his Debate with Mr. Horr, p. 111 of published Debate.

take action looking to **the impeachment of Judge Sherman,** but
resigned. In the words of Mr. Horr, "Judge Sherman resigned imme
ately, **they drove him from the bench."** [1]

RESUMÉ.

We have now briefly reviewed the power of the moneyed intere
from the beginning of the Civil War up to and including the year 18
We have also noted that Senator Sherman received the appointment
Chairman of the Finance Committee in 1867; that during the vacati
of Congress *he visited Lombard Street, London,* **and from there went o
to Paris and exerted his influence on the International Commit
to secure the destruction of the bimetallic standard and the adopt
of gold alone as the measure of value** (page 272 above). La
he took pains to state that this was an "American idea." See bel
Largely through his influence, Emperor Napoleon, through his gove
ment, "sent out invitations to the several states asking them to appo
delegates to a more authoritative conference" (page 272 above).
appointments of the delegates to this conference *were dictated by the mon
interests,* for the delegates of twenty States appeared and voted **una
mously to adopt gold as the measure of prices with silver as a tr
sitory companion.** Further evidence that the whole thing was a sche
set up by those who wished to increase the exchange value of mone
the fact that **the Conference abstained from entering into a discuss
of the probable effect on general prices, of casting out silver, whe
it was a question which up to this time had deeply occupied
attention of governments** (page 274 above).

We will now set forth

5. *The Continuation of the Conspiracy to Demonetize On
the Metals.*

a. 1868.

At the very next meeting of Congress, after the conference of
had adjourned, and within five weeks after Congress assembled (Ja
ary 6, 1868),

John Sherman introduced in the Senate of the United State

"A bill in relation to the coinage of gold and silver," "with a vi
the bill recites, "**to promote a uniform currency** among the nati
The weight of gold coin of $5.00 shall be 124.9-20 troy grains, so th
shall agree with a French coin of 25 francs. * * * And the o

[1] Page 114 of the Great Debate.

sizes or denominations shall be in due proportion of weight and the fineness shall be nine-tenths. * * *

"SEC. 2. That in order to conform the silver coinage to this rate and to the French valuation, the weight of the half-dollar shall be 179 grains. * * * And the lesser coins be in due proportion and the fineness shall be nine-tenths. But the coinage of silver pieces of *one dollar*, five cents and three cents *shall be discontinued.*"

The bill was referred to the Committee on Finance of which Mr. Sherman was Chairman. He reported it favorably to the Senate on the 9th of June, '68, and advocated its passage by an elaborately written report **in which he referred to and relied on the proceedings of the monetary conference held in Paris during the previous year.** He further said:

Majority Report.

"*The single standard of gold is an American idea*, yielded reluctantly by France and other countries, where silver is the chief standard of value. **The impossible attempt to maintain two standards of value** has given rise to nearly all the debasement of coinage of the last two centuries. The relative market value of silver and gold varied like other commodities, and this led first to the demonetization of the more valuable metal, and second to the debasement or dimunition of the quantity of that metal in a given coin." [1]

Of course he did not go into the question of stability of general prices. That he understood the effect of contracting the volume of money is evidenced by a speech of his made three days later, and a speech made two years before. In this last-mentioned speech he said: "To contract the currency" is to produce a "strain upon the people," "cripple the industry of the country." [2]

A minority report was submitted by Senator E. D. Morgan of New York.

Minority Report.

Among other things this report contended that "A change in our national coinage so grave as that proposed by the bill, should be made only after the most mature deliberations. **The circulating medium is a matter that directly concerns the affairs of everyday life,** affecting not only the varied, intricate and multiform interests of the people at home, to the minutest detail, but the relations of the nation with other countries as well."

[1] Reprinted in speech of Hon. William M. Stewart, delivered in the U. S. Senate, September 5, '93, on the "True History of the Demonetization of Silver."

[2] "John Sherman's Recollections," Vol. I., pages 380, 383.

The Result.

The bill was never called up for action; if it had been the reading of Mr. Morgan's report would have settled its fate. Neither the bill nor the report attracted the slightest attention, and it is doubtful if any Senator who was not on the Finance Committee ever knew that such a bill had been introduced. The title was "A Bill in relation to the coinage of Gold and Silver" and gave no indication of the real character of the legislation proposed.

In Germany.

At the International Monetary Conference of 1867, Prussia's delegates were the Superior Privy Councillor of Finance and the Privy Councillor of the Department of Commerce. *The next year* (1868) at a German Commercial Convention, a resolution was adopted to secure monetary unity in Germany, **and this upon "the single standard in pursuance of the principles recommended by the International Monetary Conference of Paris in its report of the 6th July, 1867."**

In the Other States.

In France the conflict between the moneyed interests and the interests other-than-moneyed was waged intelligently. **It resulted in the French Government appointing a commission to take evidence on the money question and report it.**

After the International Monetary Conference of 1867 had declared for the gold standard throughout the world, and the demonetization of silver, **a movement was at once set on foot in the Scandinavian countries to change their money from silver to gold.**[1]

In the other states represented at the Conference of '67 there was without doubt, **as active a propaganda for the gold standard as there was in the countries above mentioned.** The power of the moneyed interests in these countries was shown in the '50's when gold was demonetized. And in the Latin Conference of '65 the delegates representing the governments of Belgium and Switzerland wished to demolish the bimetallic standard by demonetizing silver; (page 265, above). In 1865 the English officials in India proposed to shut out silver from the Indian mints, (page 269 above.)

b. 1869.

In France.

The French Monetary Commission took evidence and reported during 1869. The official resumé of the argument set forth by those who

[1] Silver in Europe, Horton, p. 238.

wished to demonetize silver is as follows: "As governments control the weight and standard of money, **they ought, so far as possible, to assure its value.** And as it is admitted that the tendency of the metals is to depreciate (contra page 270, above) THIS TENDENCY SHOULD BE ARRESTED BY DEMONETIZING ONE OF THEM."[1]

M. le Baron de Rothschild, when he appeared before the commission, called attention to the fact that "**if we should demonetize silver and our example should be followed by other nations.**" IT "WOULD AMOUNT TO A VERITABLE DESTRUCTION OF VALUES WITHOUT ANY COMPENSATION."

c. 1870, 1871.

In England.

The British mint law of 1816 which closed her mints to the unlimited coinage of silver, leaving them open to the unlimited coinage of gold, left it in the power of the Crown to reopen the mints to silver, provided the Privy Council should join in the proclamation.[2] **In 1870 this power was taken away** SURREPTITIOUSLY. The following is Hon. Alex Del Mar's statement of the facts:

On February 10, 1871, a bill was brought into the House of Commons by the Chancellor of the Exchequer (Robert Lowe) and Mr. Stransfeld. Its professed object was "to consolidate and amend the laws relating to the coinage and Her majesty's mint." In moving for leave to introduce it, Mr. Lowe said its objects were merely "to consolidate the rules and regulations of the mint" and abolish the useless office of Mint-Master and thus save 3,500 pounds a year to the nation. Upon this assurance the bill was read for the first time and put upon its passage. **At this time the bill contained the provisions then in force** empowering the Crown and the Privy Council to open the mints to the unlimited coinage of silver.

The second reading of the bill took place 15 days later, when after a brief discussion during which *no intention was disclosed of destroying or curtailing the royal prerogative as to silver coinage,* the bill was committed. When it emerged from the Committee of the Whole, 13 days later (March 10), that part which might have been used to open the mints to the unlimited coinage of silver *had disappeared altogether* **and no mention of this elimination appears in the debates reported by Hanard** (vol. 199, col. 730).

There was another and very important alteration, namely, one which

[1] Reprinted in U. S. Monetary Commission Report of 1876, p. 16.

[2] Del Mar's "Story of the Gold Conspiracy," p. 11.

destroyed the power of the Crown to make foreign coins legal tender (this included the Indian rupee).

And yet when the bill was up in the Committee of the Whole (March 10) **Mr. Lowe had again said that the object was not to alter but merely to "perfect" the mint law;** YET WITHOUT DISCUSSION AND WITHOUT HESITATION HE ACCEPTED AMENDMENTS WHICH NOT ONLY ALTERED THE LAW BUT ALTERED IT FUNDAMENTALLY.

In the House of Lords, on second reading, March 18th, the Marquis of Landsdowne explained that the bill was **"no innovation of any kind; no new principle was introduced in the bill."** Upon these assurances it was read and committed. When motion was made, March 22, to go into Committee of the Whole on this bill, Lord Kinniard remarked that it had "not received due consideration for it passed through its various stages in the other Houses *after midnight* **and amendments were introduced by members who represented establishments interested in the question.** The noble Marquis of Landsdowne had stated on the second reading that it contained **no innovation and no new principle.**" The Marquis of Landsdowne thereupon stated that he said it contained no *important* innovation with the exception of the clause transferring the mastership of the mint. "But," replied Lord Kinniard, "I contend that it contains *very important* alterations."

Yet from beginning to end neither in the House of Commons, the House of Lords, nor in the Committees of either House, was any intimation made of any purpose to curtail the Queen's prerogative of Silver Coinage, NOR DID ANY DISCUSSION TAKE PLACE ON THE SUBJECT. Lord Kinniard was the only person in either House who made more than trivial objections, and as to his objections they were insufficient to stay the progress of the measure which partly on this day (March 22) and partly on March 24, went through the lifeless ceremony of its passage through the House of Lords. On the following day (March 25) the bill was read in the House of Lords the third time and passed without discussion. On April 4th it received the Royal assent and thus became law.

In the United States.

The revised mint law received the Royal assent April 4, 1870. It secretly changed the law as to silver in Great Britain. *Twenty-four days* after this revised mint law was passed the following occurrence took place in the United States: John Sherman introduced a bill in the Senate to **"Revise the laws relative to the mint, assay-offices and coinage of the United States."** It contained 71 sections, compiling fully all the laws relating to the mint, assay-offices and coinage. **The demonetization**

of silver was provided for by SIMPLY OMITTING FROM THE LIST OF COINS TO BE STRUCK THE STANDARD SILVER DOLLAR.

As the bill was a revision of the mint laws, it had to come from the Treasury department. The Treasurer, George S. Boutwell, in sending it to Mr. Sherman accompanied it with a letter in which *no mention is made of any change in the coinage laws* but, on the contrary, he said, "**It includes in a condensed form all the important legislation upon the coinage not now obsolete,** since the first mint was established in 1792. * * * There has been no revision of the laws pertaining to the mint and coinage since 1837 and it is believed that the passage of the enclosed bill will conduce greatly to the efficiency and economy *of this important branch of government service.*" The letter further states that "The bill has been prepared under the supervision of John Jay Knox, deputy Comptroller of the Currency, and its passags is recommended in the form presented."

Right here it is well to note that Mr. Knox had in his possession a copy of the British mint bill.[1] The possession by Mr. Knox of this mint law *within 20 days after it passed* **shows that there was an intimate relation between him and those in England who put through the bill.** There are these further facts: The bill in the United States was not *started* **until the other had been passed, but was put in right away afterward and** IT FOLLOWED THE PLAN PURSUED IN ENGLAND; IT DROPPED OUT THE PROVISION AS TO SILVER.

If Mr. Knox was connected with those who manipulated the British mint law, then it is almost certain that his superior officer was, and also the man who was to engineer it through Congress.

Mr. Knox was assisted in the preparation of the bill by Dr. Linderman. "His familiarity with mint laws and his devotion to the cause of monometallism *after his return from Europe*, made him a most efficient agent in securing gold monometallism."[2]

Soon after Mr. Knox prepared this bill, he was promoted to the Presidency of a leading national bank, one of the greatest financial institutions in New York.[3]

The bill after being introduced was referred to the Committee on

[1] The Report which Mr. Knox made to his superior officer concerning the bill contains, he tells us, a copy of the English Coinage Act of 1870; (p. 922 of the Congressional Record, under date August 30, 1893). The English Coinage Act was not transmitted to the Senate and if it had been it would not on its face have shown the change which had occurred.

[2] Hon. William M. Stewart in a speech in the U. S. Senate, September 5, 1893.

[3] Same citation.

Finance of which *Mr. Sherman was Chairman.* December 19, 1870, was reported to the Senate with amendments, and on the 9th day January, 1871, the bill came up in the Senate and was discussed Committee of the Whole.

The Bill in the Senate.

The fact that the silver dollar was left out of the bill *was not noti by the members of the Senate,* **nor was their attention called to it.** T principal discussion of the bill related to an amendment reported by t Committee of Finance as to the Charge for Coinage and in the followi words:

"For coinage whether the gold and *silver* deposited, be coine or cast into bars or ingots, in addition to the charge for refining or pa ing the metals, 3-10 of 1 per cent."[1]

This charge of 3-10 of 1 per cent for coinage was regarded by so as a direct attack upon the mining industry of the United States a also upon domestic coinage. The discussion of this amendment occupi 8 pages of the Congressional Globe. The amendment was final agreed to in the Committee of the Whole and the Senate went into e ecutive session.

On the following day, the Committee of the Whole reported the bi to the Senate as amended. A separate vote upon the section relating t the 3-10 of 1 per cent charge for coinage was demanded. The coinag charge was discussed at great length and occupies 6 pages of the Co gressional Globe.[2] The vote on the amendment stood, nay 26, yeas 2

On the final passage of the bill Mr. Sherman called for a vote b yeas and nays. He voted against the bill but he knew that it was goin pass, the vote standing, nays 14, yeas 36.

As showing **the secrecy with which the demonetization of silve was being attempted** is the fact—

1. That the Senators did not observe that the standard silve dollar was omitted from the list of silver coins, and *their attention was no called to it*—

2. The fact that the amendment reported by the Senate Com mittee charging 3-10 of 1 per cent for coinage was made to apply t *silver* as well as gold (see above); whereas an earlier part of the bill *shu the mints against the coinage of silver for individuals.* If the Senate in the debate on the charge for coinage had been advised by Mr. Sherman, who was in charge of the bill, that no silver could, under that bill, be de-

[1] Congressional Globe, 1870-71, Part I., p. 363.

[2] Pages 394-99 inclusive. Speech of William M. Stewart of Nevada in the Senate, September 5, 1895.

posited at the mints for coinage, is it probable that it would have spent two days in hot debate over the question of taxing bullion which could not be deposited, and therefore never could be taxed? These words were uttered by Senator Stewart on the floor of the Senate, September 5, 1895, and he continued: "For what purpose did Mr. Sherman violently advocate the tax on silver bullion deposited for coinage in a bill which denied it the right of coinage, and denied to the owner of bullion the right to deposit it for that purpose? Why should the Senate occupy two days of its time debating such a charge if it also knew that the right of coinage of silver on private account was abolished? I can draw no other inference from his course at that time than **a purpose to conceal the fact that the silver dollar had been omitted.** The fact that Mr. Sherman voted against the bill is most suggestive. Why should he vote to prevent a useful revision of the mint laws and the passage of so important a bill as the one then under discussion, because the Senate would not consent to a charge for mintage *which was not in the original bill introduced by him?* He knew very well that his vote would not defeat the bill nor endanger it in the slightest degree; but by voting against it he made the Senate believe that he attached more importance to a charge of three-tenths of 1 per cent on the coinage of gold (and silver bullion, the coinage of which on private account had been abolished) than to the systematizing of the various confused mint laws of the country, by a measure which had been the labor of experts so eminent as those he describes.

"Mr. Sherman says (August 30, 1893) he knew that silver was demonetized by the bill, and that everybody else ought to have known it. Is it not barely possible that, knowing that fact, he desired to avoid the odium of voting for it which would attach after its far-reaching consequences should have been realized? Is it not barely possible that the amendment was introduced at the early stage of the consideration of the bill to attract the attention of the Senate and divert attention from the other provisions of the bill to make it seem the most important provision? Is it not a little strange that after his visit to London and Paris and his celebrated letter to Mr. Ruggles, which I have quoted, that he took no further interest in the demonetization of silver?

"Does not the fact that he introduced a bill for the demonetizatian of silver, and made a most elaborate report in its favor, which bill was consigned to oblivion after the minority report of Mr. Morgan came in, add to the mystery of his conduct. Can it be supposed that the man who contributed so largely to swing nineteen nations into line for the gold standard, and who induced all the Finance Committee except one to favor the demonetization of silver, would forego this master desire of his heart, which he declares was "an American idea," because he could

not impose a paltry charge of three-tenths of 1 per cent upon gold and silver coinage after the free coinage of silver had been abolished?"

Recurring to the history of the bill, we left it as passed by the Senate. It was next sent over to the House.

The Bill in the House.

On January 13, 1871 it was ordered reprinted. On February 25, 1871, William D. Kelley, the Chairman of the Committee on Coinage, reported the bill back with an amendment in the nature of a substitute, when it was again printed and recommitted. The bill was never heard of again at that session which closed 7 days later—March 4.

The next bill introduced in the Congress of the United States for the demonetization of silver was 12 days after the bill above mentioned had been recommitted to the House Committee on Coinage.

The Third Bill for the Demonetization of Silver.

A new Congress began March 4, 1871. On March 9, 1871, Mr. Kelley of Pennsylvania introduced a bill in the House. It was ordered to be printed and referred to the Committee on Coinage when appointed.

In Germany.

During 1870 the Franco-German war began. It was ended early in March of the following year (1871), France agreeing to pay in gold a war indemnity equal to 1,000 million dollars. On March 21st the German Empire was formed by the meeting of the first German Reichstag, and three weeks later this legislative body ratified the Constitution of the German Empire. As each of the several German states had its own peculiar silver coins and therefore a new uniform coin was needed, the time was ripe for a forward movement by those who sought to demonetize silver and put gold in its place. The gold had been provided for in the French indemnity. The result was that December 4, 1871, a bill became a law which provided for the **free coinage of gold** at the ratio of 15½ to 1, and it also provided that **"large silver coins"** (coins corresponding to our silver dollar) **should no longer be minted.** The law also contained a clause stating that it was the intention **to retire in the future her large silver coins from circulation.** This was but **the carrying out of the plan formulated at the Monetary Conference of 1867.** At this Conference the presiding officer, M. de Parieu, Vice-President of the French Council of State, agreed with the delegate of the Prussian Government, M. Meinecke, Superior Privy Councillor of Finance, that "it is impossible for a silver standard country to pass to the single gold standard without going through the double standard." The same

opinion was expressed by Lieutenant-General Mansfield on the subject of the monetary system in India, where the silver standard prevails and "which should be supplied by the double standard *till the exclusive gold standard could be reached.*"[1] The reason for passing from the silver standard to the gold standard *through* the double standard was in order to "gradually introduce gold and expel silver from circulation *without a financial convulsion.*"[2]

In Other States.

Besides the movement which was taking place during 1870-71, in the three states just mentioned, namely, England, Germany, and the United States, there occurred in 1871 **the report of the Swedish Monetary Commission,** advising the adoption of the gold standard; and **Japan** enacted a law giving to gold unlimited coinage along with silver at the ratio of 1 to 16.17.[3] At this ratio the market price of gold and silver was such that **only gold would enter the mints.**

d. 1872, 1873.

As just pointed out, Germany opened her mints to gold and closed them to silver December 4, 1871. In the United States,

The Third Bill for the Demonetization of Silver

was introduced in the House March 9, 1871 and referred to the Committee on Coinage when appointed. Congress soon after adjourned. It assembled early in December (1871), and on the 9th day of the following month (January 9, 1872) Mr. Kelley, Chairman of the Coinage Committee, reported the bill with the recommendation of the Committee that it pass.

Its general objects were stated by Mr. Kelley. He informed the House that it had been prepared in the Treasury Department for the purpose of codifying and simplifying the mint laws. He further informed the House that **the most important change made by the bill was the creation of the office of Director of the Mint** with headquarters in the Treasury Department. "It is," he said, "of the highest importance therefore that **the one single cardinal change that the bill proposes should be made.**"[4]

The discussion of the bill on this 9th day of January covers seven pages of the Congressional Globe. The next day the House resumed the consideration of the bill, finally recommitting it to the Committee

[1] Monetary Conference of 1867, Third Session.

[2] Remarks by M. Parieu at the 4th Session.

[3] Facts about Money, Laughlin, p. 10.

[4] Congressional Record, 1871-72, Part I, p. 322.

on Coinage. The discussion covers five pages of the Congressional Record. **But "no allusion whatever was made to the omission of the silver dollar.** If it was omitted in the bill offered by Mr. Kelley, as alleged, the original cannot be found." [1]

The bill was again reported from the Coinage Committee February 9, and came up for consideration in the House just two months later. **At this time the standard silver dollar was omitted from the bill.** Mr. Hooper, who reported the bill, made an explanation of its provisions covering four of the large pages of the Congressional Record, **and it devoted one short paragraph to the silver dollar.**[2] **He omitted to state that these silver dollars would be a legal tender for only $5.** It is true he classes it with the subsidiary coin, but that would only attract the attention of financial experts.

In the course of the debate, however, the true character of the bill was brought to the attention of the House by the Hon. Clarkson Potter of New York, who said: **"This bill provides for the making of changes in the legal-tender coin of the country and for substituting as legal tender, coin of only** ONE METAL INSTEAD, AS HERETOFORE, OF TWO. * * * **Why should we legislate on that now when we are not using either of these metals as a circulating medium?"** He pointed out other important changes which the bill made and among other things said: "I confess, therefore, that the introduction of the bill at such a period excited my suspicion. I was and am at a loss to gather from anything I know or can learn that there is any necessity for the adoption of this measure now." [3]

"The speech of Mr. Potter excited a general debate which made it very clear that **the passage of the bill by ordinary methods was im-**

[1] Hon. William M. Stewart of Nevada, in the Senate of the United States, September 5, 1895.

[2] He said: "Section 16 reënacts the provisions of existing laws defining the silver coins and their weights, respectively, except in relation to the silver dollar, which is reduced in weight from 412½ to 384 grains, thus making it a *subsidiary coin* in harmony with the silver coins of less denomination, to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion and intrinsic value, long since ceased to be a coin of circulation and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country and the convenience of those manufacturers in this respect can better be met by supplying small stamped bars of the same standard avoiding the useless expense of coining the dollar for that purpose. The coinage of the half-dime is discontinued for the reason that its place is supplied by the copper-nickel 5-cent piece, of which a large issue has been made, and which, by the provisions of the act authorizing its issue, is redeemable in United States currency." (Congressional Record, 1871-72, Part III, p. 2306.)

[3] Same citation, p. 2310.

possible. The House adjourned pending the consideration of the bill and terminated a very exciting controversy. The debate which did occur occupies ten pages—from page 2307 to 2317 inclusive.

"The opposition to this bill was so determined and aggressive that its friends *professedly abandoned it* **and brought in a so-called substitute.**

Substitute Bill Introduced.

"This bill, it was asserted, obviated the objections made."[1] In the words of Mr. Hooper, who reported the bill: "I desire to call up the bill (H. R. No. 1427) revising and amending the laws relative to mints, assay offices and coinage of the United States. I do so for the purpose of offering **an amendment to the bill in the nature of a substitute,** one which has been very carefully prepared and which I have submitted to the different gentlemen in this House who have taken a special interest in the bill. **I find that it meets with universal approbation in the form in which I offer it."** And he concluded: **"I move that** THE RULES BE SUSPENDED **and the substitute be put on its passage.**

"Mr. Holman.—I suppose it is intended to have the bill read before it is put upon its passage.

"The Speaker.—The substitute will be read.

"Mr. Hooper of Massachusetts. **I hope not.** It is a long bill **and those who are interested in it are perfectly familiar with its provisions.** * * *

"Mr. Kerr.—**I want the House to understand that** IT IS ATTEMPTED TO PUT THROUGH THIS BILL WITHOUT BEING READ."

It was finally decided that the bill should be read.[2]

We have not the space to here set forth everything pertaining to this bill which is set forth in the Congressional Record, but will state these facts:

Silver was Demonetized Surreptitiously.

1. The bill passed the House and Senate and was signed by the President February 12, 1873. In the Senate the bill was put through by John Sherman, Chairman of the Financial Committee.

2. **The leading men in both the Senate and the House did not know that the bill shut from the mints the unlimited coinage of silver.**[3]

[1] Hon. William M. Stewart of Nevada in the Senate of the United States, September 5, 1893.

[2] Congressional Record, 1873, p. 3882.

[3] March 30, 1876, Senator Conkling of New York, on the floor of the Senate, said: "Will the Senator [Bogy] allow me to ask him or some other Senator a

question? **Is it true that there is now by law no American dollar?"** (Congressional Record, 44th Congress, 1st Session, p. 2062.)

February 15, 1878, Senator Thurman in debate said: "I cannot say what took place in the House, but know when the bill was pending in the Senate we thought it was simply a bill to reform the mint, regulate coinage and fix up one thing and another and **there is not a single man in the Senate,** I think, unless a member of the committee from which the bill came, **who had the slightest idea that it was even a squint toward demonetization."** (Congressional Record, 45th Congress, second session, p. 1064.)

The same day Senator Allison said:

But when the secret history of this bill of 1873 comes to be told, it will disclose the fact that the House of Representatives intended to coin both gold and silver and intended to place both metals upon the French relation instead of on our own, which was the true scientific position with reference to this subject in 1873, but that **the bill afterwards was doctored,** if I may use that term, and I use it in no offensive sense of course—

Mr. Sargent interrupted him and asked him what he meant by the word "doctored."

Mr Allison said:

I said I used the word in no offensive sense. It was changed after discussion and the dollar of 420 grains was substituted for it. (Same citation, page 1058.)

During the same day (February 15, 1878) the following colloquy took place between Senators Blaine and Voorhees:

Mr. Voorhees: I want to ask my friend from Maine, whom I am glad to designate in that way, whether I may call him as one more witness to the fact that it was not generally known whether silver was demonetized? Did he know, as Speaker of the House presiding at that time, that the silver dollar was demonetized in the bill to which he alludes?

Mr. Blaine: I did not know anything that was in the bill at all. As I have before said, **little was known** or cared **on the subject.** [Laughter.] And now I should like to exchange questions with the Senator from Indiana, who was then on the floor and whose business it was, far more than mine, to know, because by the designation of the House I was to put questions; the Senator from Indiana, then on the floor of the House, with his power as a debater, was to unfold them to the House. Did he know?

Mr. Voorhees: I very **frankly say that I did not.** (Same citation, p. 1063.)

Senator Beck, in a speech made in the Senate January 10, 1878, said:

It [the bill demonetizing silver] never was understood by either House of Congress. I say that with full knowledge of the facts. **No newspaper reporter**—and they are the most vigilant men I ever saw in obtaining information—**discovered that it had been done.** (Same citation, p. 260.)

Senator Hereford, in the Senate, on February 13, 1878, in discussing the demonetization of silver, said:

So that I say that beyond the possibility of a doubt (and there is no disputing it) that bill which demonetized silver, as it passed, never was read, never was discussed, and that the chairman of the committee who reported it, who offered the substitute, said to Mr. Holman, when inquired of, that it did not affect the coinage in any way whatever. (Same citation, p. 989.)

Senator Howe, in a speech delivered in the Senate on February 5, 1878, said:

Mr. President, I do not regard the demonetization of silver as an attempt to wrench from the people more than they agree to pay. That is not the crime of which I accuse the act of 1873. I charge it with guilt compared with which the robbery of two hundred millions is venial. (Same citation, p. 764.)

Gen. Garfield, in a speech made at Springfield, Ohio, during the fall of 1877, said:

Perhaps I ought to be ashamed to say so, but it is the truth to say that, I at that time being chairman of the Committee on Appropriations and having my hands overfull during all that time with work, I never read the bill. I took it upon the faith of a prominent Democrat and a prominent Republican and I do not know that I voted at all. There was no call of the yeas and nays and nobody opposed that bill that I know of. It was put through, as dozens of bills are, as my friend and I know, in Congress, on the faith of the report of the chairman of the committee; therefore I tell you, because it is the truth, that I have no knowledge about it. (Same citation, p. 989.)

Mr. Bright, of Tennessee, said of the law:

It passed by fraud in the House, never having been printed in advance, being **a substitute for the printed bill;** never having been read at the Clerk's desk, the reading having been dis-

pensed with by an impression that the bill made no material alteration in the coinage laws; it was passed without discussion, debate being cut off by operation of the previous question. It was passed, to my certain information, under such circumstances that the fraud escaped the attention of some of the most watchful as well as the ablest statesmen in Congress at that time. * * * Aye, sir, it was **a fraud** that smells to heaven. It was a fraud that will stink in the nose of posterity, and for which some persons must give account in the day of retribution. (Same citation, p. 584.)

Mr. Holman, in a speech delivered in the House of Representatives, July 13, 1876, said:

I have before me the record of the proceedings of this House on the passage of that measure, a record which no man can read without being convinced that the measure and the method of its passage through this House was a "**colossal swindle.**" I assert that **the measure never had the sanction of this House**, and it does not possess the moral force of law. (Congressional Record. 44th Congress, first session, appendix, p. 193.)

Again, on August 5, 1876, he said:

The original bill was simply a bill to organize a bureau of mines and coinage. The bill which finally passed the House and which ultimately became a law was certainly not read in this House.

* * * * * * *

It was never considered before the House as it was passed. Up to the time the bill came before this House for final passage this measure had simply been one to establish a bureau of mines; I believe I use the term correctly now. It came from the Committee on Coinage, Weights and Measures. The substitute which finally became a law was never read and is subject to the charge made against it by the gentleman from Missouri [Mr. Bland] that it was passed by the House without a knowledge of its provisions, especially upon that of coinage.

I myself asked the question of Mr. Hooper, who stood near where I am now standing, whether it changed the law in regard to coinage. And the answer of Mr. Hooper certainly left the impression upon the whole House that the subject of the coinage was not affected by that bill. (Congressional Record 44th Congress, first session, p. 5237.)

Mr. Cannon, of Illinois, in a speech made in the House on July 13, 1876, said:

This legislation was had in the 42d Congress, February 12, 1873, by a bill to regulate the mints of the United States and practically abolished silver as money by failing to provide for the coinage of the silver dollar. It was not discussed, as shown by the Record, and **neither members of Congress nor the people understood the scope of the legislation.** (Same citation, appendix, p. 197.)

Mr. Burchard, of Illinois, in a speech made in the House of Representatives, on July 13, 1876, said:

The coinage act of 1873, unaccompanied by any written report upon the subject from any committee and unknown to the members of Congress, who without opposition allowed it to pass, under the belief, if not assurance, that it made no alteration in the value of the current coins, changed the unit of value from silver to gold. (Same citation, p. 4560.)

Mr. Kelley, of Pennsylvania, who had charge of the bill, in a speech made in the House of Representatives on March 9, 1878, said:

In connection with the charge that I advocated the bill which demonetized the standard silver dollar, I say that, though the chairman of the Committee on Coinage, I was ignorant of the fact that it would demonetize the silver dollar or of its dropping the silver dollar from our system of coins, as were those distinguished Senators, Messrs. Blaine and Voorhees, who were then members of the House and each of whom a few days since interrogated the other: "Did you know it was dropped when the bill passed?" "No," said Mr. Blaine, "did you?" "No," said Mr. Voorhees. I do not think that there were three members in the House that knew it. I doubt whether Mr. Hooper, who in my absence from the Committee on Coinage and attendance on the Committee on Ways and Means managed the bill, knew it. I say this in justice to him. (Congressional Record 45th Congress, second session, p. 1605.)

Again on May 10, 1879, Mr. Kelley said:

All I can say is that the Committee on Coinage, weights and Measures, who reported the original bill were faithful and able and scanned its provisions closely; that as their organ I reported it; that it contained provision for both the standard silver dollar and the trade dollar. Never having heard until a long time after its enactment into law of the substitution in the Senate of the section which dropped the standard dollar, I profess to know nothing of its history; but I am prepared to say that in all the legislation of this country there is no mystery equal to the demonetization of the standard silver dollar of the United States. I have never found a man who could tell just how it came about or why. (Congressional Record, 46th Congress, first session, p. 1231.)

3. **And the President who signed the bill did not know that it demonetized silver.** [1]

THIS PROVES CONCLUSIVELY THAT THE DEMONETIZATION OF SILVER WAS SURREPTITIOUSLY ACCOMPLISHED. And this means that it was **corruptly** accomplished. In this connection it is well to bear in mind the corruption which we have shown to exist from 1864—the time of Lincoln's statement concerning corruption and his prophecy,—to 1873. It is well to remember that in 1873 Judge Sherman resigned from the United States District Bench to escape impeachment for securing, as he claimed to his employers, the services of his brother, Senator Sherman, to put through their jobbing bill; (page 289, above).

A further fact is that in 1873 George A. Bassett, clerk of the Ways and Means Committee, was charged with having demanded $250 per month from the bankers and brokers of New York to assist them in repealing the tax on borrowed capital, and $5,000 when the act was passed. This fact was presented by Col. Harvey in his Debate with Mr. Horr, and he further said (p. 117): "In the Chicago Tribune of February 21, 1873, an administration paper of that period, now before me on this table for the inspection of Mr. Horr, a Washington correspondent says:

"'As for George A. Bassett, long the clerk of the Ways and Means Committee, the story of the use of his privileges is as old as my residence in this city. I heard complaints made in California that he had demanded payment for services after experiencing unusual hospitality from the corporations there.'"

"This same correspondent in the same issue of this administration

[1] Eight months after the passage of the bill President Grant wrote a letter to Mr. Cowdrey, from which the following extract is taken:

The panic has brought greenbacks about to a par with silver. I wonder that silver is not already coming into the market to supply the deficiency in the circulating medium. When it does come, and I predict that it will soon, we will have made a rapid stride toward specie payments. Currency will never go below silver after that. **The circulation of silver will have other beneficial effects.** Experience has proved that it takes about forty millions of fractional currency to make small change necessary for the transaction of the business of the country. Silver will gradually take the place of this currency, and, further, will become the standard of values which will be hoarded in a small way. I estimate that this will consume from two to three hundred millions, in time, of this species of our circulating medium.

It will leave the paper currency free to perform the legitimate functions of trade and will tend to bring us back where we must come at last, to a specie basis. I confess to a desire to see a limited hoarding of money. It insures a firm foundation in time of need. But I want to see the hoarding of something that has a standard of value the world over. Silver has this, and if we once get back to that our strides toward a higher appreciation of our currency will be rapid. Our mines are now producing almost unlimited amounts of silver, and it is becoming a question, "What shall we do with it?" I suggest here a solution that will answer for some years, and suggest to you bankers whether you may not imitate it: To put it in circulation now; keep it there until it is fixed, and then we will find other markets.—*McPherson's Handbook of Politics for 1874, pages 134 and 135.*

paper (the Republician party being then in power), speaking of the situation at Washington, February 21, 1873, *the very month in which silver was demonetized, said:* **Turkish corruption under the Pashas and Beys, or Russian official rottenness,** COULD SCARCELY BE WORSE THAN IT IS HERE."

This agrees with the facts which we have shown to have existed in Washington. Lincoln's prophecy concerning corruption proved to be all too true and the money power, as we have seen, "prolonged their reign by working upon the prejudices of the people." **And they are still reigning.** Through this "reigning" they take the wealth of those whose interests are other-than-moneyed. This is a form of slavery wherein the product of the toil of others is secured without the trouble of overseeing their labor. This form of slavery is accomplished through the making of the monetary laws. Where this is done, is the government that of a Republic? To this point we will present more evidence later.

One further fact in this connection: The demonetization of silver in the United States was a vital point in the scheme of enhancing the value of money. That this is so is manifest when it is considered that had the United States retained her bimetallic law *she would have absorbed all the silver offered at 16 to 1,* and would also have minted a considerable quantity of gold. **Thus the United States by retaining its bimetallic law would have entirely thwarted the conspiracy to drive the world to a gold standard:** she would have maintained the fixed relation between gold and silver and thus there would have been throughout the world the bimetallic standard—the two metals making practically one measure or standard, some of the countries using all gold and others all silver and the United States using principally silver but with some gold.

We will proceed to set forth the legislation secured

In Other States.

As we have stated, the bill which shut the U. S. Mints to the coinage of silver dollars became a law February 12, 1873. Having secured the demonetization of silver in this Republic, a debtor country, and a country on a paper basis attempting to get back to a metallic basis, *the conspirators must have felt that the most important part of their task had been completed.* **Certain it is that afterward, the legislation in other countries which had been held back until the passage of the law could be secured in the United States, came forward rapidly:** on the 4th of June Denmark, Sweden and Norway concluded a treaty in which they **changed from the silver to the gold standard.**[1] And on July 9th of the same year

[1] Facts about Money: Laughlin, p. 11.

the German Government established "a national gold standard." provided that the "aggregate issue of silver coins shall, until furth orders not exceed 10 marks [about $2.50] for each inhabitant of t Empire," and that the silver in excess of this amount **should be wit drawn from circulation and** SOLD.

Germany in providing for the unlimited coinage of gold and t withdrawal of silver coins from her circulation and the sale of them, w making a direct effort *towards drawing from France her gold and replac it with silver.* The French people who had just been **whipped by t Germans, made to cede Alsace-Lorraine, made to pay an immen war indemnity in gold, and who knew that gold was the better w money,** RESENTED THE ATTEMPT ON THE PART OF THE ENEMY TO TAKE MORE GOLD FROM THEM AND GIVE I EXCHANGE THEIR "CAST-OFF" SILVER. Accordingly, t **French Government,** by a Treasury Order of September 6, 187 **limited the amount of silver to be accepted by the mints.** Februar 1874, **the Latin Union states agreed to close their mints to the fr coinage of silver,** each agreeing, however, to coin on Government a count such quantities as agreed upon from time to time.

Thus was there destroyed the laws which caused the marke ratio of silver and gold to remain constant at about the ratio provide in these laws: THUS WAS THE BIMETALLIC STANDAR OF PRICES DEMOLISHED.

6. The Bimetallic Standard of Prices Demolished.

History shows that **this and the subsequent legislation which ha practically doubled the exchange value of gold in 23 years** WAS TH GREATEST SCHEME FOR ROBBERY EVER FORMED IN THI WORLD. Those who put through the various laws are those who hav been benefited by the increasing measure of value. The wealthy credi tors who thought that by manipulating legislation they could practicall double their material possessions in a few years, **have accomplished their ends.** BUT AT WHAT AN EXPENSE TO HUMANITY And as a further example of the immense power wielded by those wh are benefited by an appreciating money is the fact that **thus far they have** SUCCESSFULLY RESISTED THE PEOPLE IN THEIR EFFORTS TO RETURN TO A STABLE MEASURE OF PRICES.

Now we will set before you

7. The Defense Put Forth by the Beneficiaries of Falling Prices.

WHAT THE HIRED MEN SAY.

The employè of the Trustees of the University of Chicago—Pro-

fessor Laughlin—in a book intended *for distribution among the voters of the United States in order to mislead them and thus secure their votes* **for a** CONTINUANCE **of the falling prices of the gold standard,** says: "The act of 1873 *did not change in any way whatever* the value of the standard [of general prices]. If all contracts, mortgages and bonds, have, since 1834, been based on gold [prices], except in the paper period, **where in the name of heaven is the justice of proposing a change to a lower standard** [higher prices for commodities]? We have adjusted ourselves to the gold standard. Prices have been expressed in gold since 1879. **Why cheat, why disturb, why ignore the rights of all citizens to justice and to have a standard kept stable for both the poor and the rich?** If the standard for the rich is not kept stable, it certainly would not be stable for the poor. And when the fluctuations come, *the struggle will inevitably go against the poor.* **The rich will know how to take care of themselves.** So it is well to create a situation in which it is the interest of both the rich and the poor to maintain a standard as stable as possible, *and cease to tamper with it* **by talking of a depreciated silver one** [higher prices for commodities]."[1]

Here he expressly states that the standard was not "tampered" with in 1873. This he illustrates by the cartoon reproduced at page 252, above.

Compare the above with

JOHN SHERMAN'S ADMISSION.

John Sherman while Secretary of the Treasury wrote the following in a letter dated July 15, 1878: "During the monetary conference in Paris, when silver in our country was excluded from circulation by being undervalued, **I was strongly in favor of the single standard of gold,** and wrote a letter which you will find in the proceedings of that conference, stating briefly my views. At that time the wisest of us did not anticipate the sudden fall of silver or the RISE OF GOLD that has occurred. This uncertainty of the relation between the two metals is one of the chief arguments in favor of a monometallic system, but other arguments showing THE DANGEROUS EFFECT UPON INDUSTRY BY DROPPING ONE OF THE PRECIOUS METALS FROM THE STANDARD OF VALUE, OUTWEIGH IN MY MIND ALL THEORETICAL OBJECTIONS TO THE BIMETALLIC SYSTEM."[2]

[1] Facts About Money, p. 159.

[2] Letter to W. S. Groesbeck, Cincinnati, Ohio. Published on the first page of the National Bimetallist, week after week.

This is the admission he made in 1878. Now as to his defense that silver was not demonetized surreptitiously:

JOHN SHERMAN'S DEFENSE.

August 31, 1893, John Sherman on the floor of the Senate attempted to show that no fraud was practiced in the demonetization of silver in 1873. Hon. William M. Stewart replied to him in a speech in the Senate, September 5, 1893, saying:

"Mr. Sherman enters into an elaborate argument in great detail to show **the number of times the mintage bill was printed with the standard silver dollar omitted, and also to show that it was originally prepared in that form by experts in the Treasury Department.**"

JOHN SHERMAN'S DEFENSE REVIEWED.

"BUT HE HAS NEVER GIVEN ANY EXPLANATION OF HIS OWN CONDUCT **as chairman of the Finance Committee in not calling the attention of the Senate to this important change.** He knew the importance of the change, and that it demonetized silver and adopted the gold standard. His efforts, as before remarked, to secure the recommendation of the monetary conference of Paris in favor of the gold standard and his elaborate report on the bill, which was defeated in the Forty-first Congress, **shows how important it was in his mind.**

"If he had supposed that it would result in a great benefit *to the American people* **would he not have called attention to it with pride and emphasis?** It had been the labor of years, as I have shown, and its accomplishment should have been a great event in his life. The contest for the last twenty years to reverse that legislation and Mr. Sherman's persistent opposition to all efforts to restore the silver dollar, show what importance he must then have attached to his work. **And yet he gave the Senate no intimation of this important change.**

"When we witness the columns of editorials and correspondence with regard to the [present] pending controversy we can imagine what interest would have been excited in the country [in 1873] if it had been proclaimed by him that Congress was about to demonetize silver. NO WORD ESCAPED HIS LIPS **and the metropolitan journals of that day had no knowledge of what occurred.** No mention of the demonetization of silver at that time can be found in their columns. The parliamentary history of the world may be searched in vain to find a parallel for the accomplishment of a great financial statesman **without an announcement by him of what he was doing and what he had done.**"

Nearly two years later (December 21, 1874) Mr. Sherman as Chairman of the Finance Committee brought in a bill for the resumption of

specie payments. **At that time the members of Congress did not know that silver was demonetized** and therefore did not know that their voting to resume specie payments meant resumption on the gold standard (facts stated below show this). Mr. Sherman took great pains to keep them in ignorance concerning the demonetization of silver. **So through omission to speak when he should speak he fraudulently secured the law for the resumption of specie payments on the gold standard.**

In the early part of 1876 the public became informed of the fact that silver had by Congress and the President been demonetized in 1873. There was at once a great uproar and "nearly all the leading journals of the country demanded the restoration of the silver dollar to the place it occupied as a legal tender coin previous to 1873.

"A Presidential election was to be held in the fall of 1876 and politicians were shaping their course with a view to the coming contest. The strong popular expression against the demonetization of silver and in favor of its restoration *made it important for aspiring men in each of the great political parties* **to espouse the popular side of the question.**

"The honorable Senator from Ohio delivered a speech on the 12th of August, 1876, at Marietta, Ohio, which was reported at length, with sub-headings in the Cincinnati Gazette of August 14, 1876, in which he said:

"'I do not now, fellow citizens, enter fully upon the great question of the restoration of the old silver dollar as the money of account, for it has not yet assumed a party aspect. I have given the subject the most careful consideration **and was the first to propose the recoining of the old silver dollar.'**

"Again, in the same speech, the Senator is reported to have said:

"'I was a member of the conference committee of the two Houses on the silver bill. I am not at liberty to state what occurred except as is shown by the action of the two Houses. Both Houses were in favor of issuing the old dollar—the dollar in legal existence since 1792, containing 412.8 grains, and only demonetized in 1873, when it was worth 2 per cent more than the gold dollar. It was then, and for twenty years had been, only issued for export, and was not in circulation. Still, it was a legal standard of value, as well as gold, always had been, **and it was the right of any debtor to pay in silver dollars as well as gold dollars. It was his legal option.**

"'The relative value of the two metals had often varied before, and still the right remained to the debtor to pay in either dollar, and, therefore, in a cheaper dollar. The mere disuse of the coinage of the silver dollar could not and ought not to affect pre-existing contracts. And now, when all our domestic contracts have been based upon depreciated

paper money, made a legal tender for all debts, public and private, excep customs duties and interest on the public debt, **it would seem not onl legal but** RIGHT, in the broadest sense of the term, that we shoul avail ourselves of the rapid and remarkable fall of silver bullion to recoi the old silver coins, including the old silver dollar, the oldest of ou coins, and with them pay our depreciated notes, AND THUS RESTORE THE OLD COIN STANDARD.'

"The remarks I have quoted show that **he fully comprehended th injustice to debtors of the demonetization of silver.** He knew how important the restoration of silver was and is to the business of the coun try. Why has he from that time to this so persistently resisted ever effort to restore silver to the place it occupied previous to the passage o the act of 1873, which, **he informs us, was obtained by British influ ence?** If he was influenced by Great Britain in the passage of the act o 1873, why does he continue under that influence, and insist that the act of 1890 shall be repealed, and that the act of 1873, secured by British influence, shall be reaffirmed and made the permanent policy of the United States?" **But "The creditor class may as well know first as last that the people of this country will not consent to continual fall ing prices" with the consequent "hard times and stagnation."**

We will now narrate

F. THE CONFLICT BETWEEN THE MONEYED INTERESTS AND THE INTERESTS OTHER-THAN-MONEYED FROM 1874 TO 1890.

1. Recapitulation.

We have stated that the United States shut silver from her mints by law, February 12, 1873. And that rapidly following this, Norway, Sweden and Denmark, passed laws closing their mints to silver, and Germany, by law, adopted the gold standard and declared that silver should be withdrawn from circulation and *sold.* France *then* by law closed her mints to the unlimited coinage of silver, September 6, 1873, and Belgium, December 1st of the same year. On the following month (January 30, 1874), the Latin Union (France, Belgium, Switzerland, Italy and Greece) agreed to pass laws closing their mints to the unlimited coinage of silver.

Of the 1,000 million dollars of gold for Germany which France agreed in 1871 to pay, a considerable proportion of it came from the United States. For the three years, 1871, 2, 3, the amount of gold exported from the United States in excess of imports was $136,800,000.[1]

This was withdrawn principally from the bank reserves.

[1] U. S. Statistical Abstract for 1894, p. 51.

2. *The Panic for Money in 1873.*

In September, 1873, the country experienced the loss of this Basis of Credit: the panic for money in 1873 is a memorable event.

To help put a stop to falling prices the Republican Congress enacted a law April, 1874, authorizing the reissue of the 44 million dollars of greenbacks which had been retired, and fixing the amount which should be issued at 400 millions.

3. *Congress Passes an Inflation Bill.*

This bill was denounced by the moneyed interests and vetoed by President Grant, April 22, 1874.[1] Only 5 months before he, in his annual message, had asked that Congress inflate the currency; see preceding note, also illustration on next page.

For the year 1874 the prices of commodities in general for the United States stood at 133, as compared with 172 for 1867.[2] **This was a 30 per cent increase in the measure of value in seven years; while from the average of 1865 it was a 62 per cent increase. The business depression continued, of course,** and as the policy of the Republican party was **to furnish no remedy for falling prices**

4. *The Congressional Elections in the Autumn of '74 went Democratic.*

"For the first time since the organization of the Republican party and its accession to power in the Union, an opposition majority was elected to the House of Representatives.

[1] In the words of Blaine's Twenty Years of Congress: "This action of Congress [in providing for the increase of 44 million dollars of greenbacks] followed an earnest popular demand, resulting from the distrust which had become so general in consequence of the panic. A large proportion of the business men, especially in the West and Southwest, believed that an increased circulation of notes would bring great relief. At the beginning of the session of Congress, President Grant had clearly intimated that he had come to the same conclusion. He said in his annual message: 'In view of the great actual contraction that has taken place in the currency, and the comparative contraction *continuously going on*, due to the increase of manufactures and all the industries, *I do not believe there is too much of it now for the dullest period of the year.* Indeed, if clearing-houses should be established, thus forcing redemption, it is a question for your consideration whether banking should not be made free, retaining all the safeguards now required to secure bill-holders.' But nearly five months had elapsed since the President had expressed these views, and during that time he had come to more conservative conclusions, and he now vetoed the bill, **which did not seem so radical in its provisions as his own recommendation had been.**" (Vol. II., p. 562.)

[2] Senate Table of Prices.

PRESIDENT GRANT WAS AT ONE TIME AN INFLATIONIST.

"The Republican leaders agreed that before losing control of the Lower House they would secure the passage of an act for the resumption of specie payments."[1]

For this year (1874) the premium on gold in the United States averaged but about 10 per cent. **This 10 per cent was just about the extent to which gold increased in value during the year 1874.**

This was the condition of affairs when December 21, 1874, John Sherman from the Committee on Finance reported a bill to provide for

5. ***The Resumption of Specie Payments on a Gold Basis, Jan. 1, 1879.***

But the bill *did not specify the basis* **and neither the members of Congress nor the President knew that silver was demonetized.** Mr. Sherman, and the others who knew of the demonetization of silver, *took great pains not to inform Congress and the country of this fact;* **nor did they permit any debate in the House and only a short debate in the Senate the very day the printed bill reached its members.** The following facts show this:

In the Senate.

December 21, 1874, Mr. Sherman from the Committee on Finance reported a bill to provide for the resumption of specie payments; it was read the second time and passed without debate. He gave notice that on the following day he would ask the Senate to take up the bill "with a view to present action."[2]

The next morning the bill was taken up AND PASSED THE VERY SAME DAY. This method was objected to as the members *had just that morning received copies of the bill.* In the words of Senator Bayard: "This bill was brought into the Senate only this morning and with the printer's ink scarcely dry upon it we are called on to vote upon it." "I do not know for what purpose the gentlemen on the other side have so pressed this measure. * * * While they can pass the bill if it is their pleasure to pass it to-night—and I do not propose as I said to create a mere issue of physical endurance on this subject."[3] Senator Thurman said: "I understand from the Chairman of the Committee on Finance (Mr. Sherman) that it is the purpose to sit this bill out."[4]

The proceedings show that the members of the Senate did not know that the mints had been shut against the unlimited coinage of silver. The following instances show this: Senator Bogy of Missouri in debating the bill said: "We desire to resume specie payments on

[1] Blaine's Twenty Years of Congress, Vol. II, p. 563.

[2] Congressional Record, December 21, 1874, p. 161.

[3] Congressional Record, December 22, 1874, p. 202.

[4] Same citation, p. 201.

the first of January, 1879. I desire it. I as a Democrat can desire nothing else. It is one of the cardinal principles of the Democratic party. Gold *and silver* are the only true measure of value, not only here but throughout the world. The great problem to solve has been how to get to the point of resumption without bringing ruin and distress to the country. You now desire to resume on the first day of January, 1879, and I believe it can be done."[1] The balance of his remarks also show that he did not know that the mints were closed to the unlimited coinage of silver.

To the same effect were the remarks of Senator Hamilton of Maryland: "I will vote for almost any measure that has a tendency to secure a return to specie payments, because I consider that if there is one wrong above another which can be perpetarted upon a free and industrious people it is that in this gold-giving and *silver-giving land* we should have upon us this vicious paper-money system that recognizes no convertibility into *coin*."[2]

The bill as we have shown was put through the Senate the same day that the members received the printed bill. The next morning it was taken across to the House and announced.

In the House.

The message further announced that the Senate had agreed to the resolution providing for adjournment, *at noon of that day*, for the Holidays, to reassemble January 5.[3]

When the order of business was reached, Mr. Maynard, of Tennessee, Chairman of the Committee on Banking and Currency, rose and moved that the House proceed to the consideration of the bills on the Speaker's table, calling especial attention to the specie resumption bill just sent in from the Senate. **He asked that it be taken up at once for consideration and passage.** This required unanimous consent and objection was made, Mr. Eldredge saying: "The gentleman must not think that he is going to take up that bill and rush it through as they did in the Senate."[4]

The second day after Congress reassembled, Mr. Maynard called up the bill for the resumption of specie payments. Among other things he said: "It is very brief in its text. Its propositions are not numerous —free banking, **free coinage,** silver change for fractional currency," etc.[5]

[1] Congressional Record, December 22, 1874, p. 200.

[2] Same citation, p. 203.

[3] Congressional Record, December 23, 1874, p. 229.

[4] Same citation, pp. 231, 232.

[5] Congressional Record, January 7, 1875.

No debate was permitted nor were amendments permitted to be voted upon. The entire proceedings of the House occupy less than two pages of the Congressional Record.

Resume.

THUS THE BILL WAS PASSED. The members of the Senate and the House believed that it provided for a resumption of specie payment January 1, 1879, in *gold and silver*. And the President who signed the bill, thought the same.

As to the efforts to increase the value of gold, next in order of time is,

6. ***The Action of Holland.***

June 6, of this year (1875) she passed a law for the unlimited coinage of gold along with the existing provision for the unlimited coinage of silver. The mint ratio was fixed at 1 to 15.62.

7. ***In France,***

from 1873 to 1876 the Bank of France **retired $350,000,000 of paper money,** thus bringing gold into the circulation from foreign countries. The Bank also added to its gold reserve.

In the early part of 1876 the general public in the United States received knowledge of the fact that silver had three years before been demonetized in the United States.

8. ***1876: People Learn that Silver was Demonetized in 1873.***

Roscoe Conkling, of New York, on the floor of the Senate, March 30, 1876, said: "Will the Senator (Mr. Bogy) allow me to ask him or some other Senator a question? **Is it true that there is now by law no American dollar?"** [1]

There was a general demand for the reinstatement of silver as one of the money metals, **for specie resumption was to take place three years later** AND ALREADY GOLD HAD RISEN 15 PER CENT.[2] The demonetization of silver and the consequent fall in the gold prices of commodities was a manifest injustice, and added to this was the fact that in the United States, paper money prices had been kept falling, falling, falling, in order to get back to a specie basis; AND NOW THIS BASIS WAS ITSELF TO KEEP FALLING.

Some of the Republican and Democratic leaders attempted to pacify

[1] Congressional Record for March 30, 1876, p. 2062.

[2] Sauerbeck's Table of Prices. For 1873 the average prices of commodities in general was 111, while for 1875 it was 96.

the demand for the remonetization of silver by bringing forward this measure:

9. ***Some of the Republican and Democratic Leaders "Throw Dust."***

Early in March a bill was introduced in the House to make it mandatory on the Secretary of the Treasury to issue small silver coins in place of the fractional currency, and **there was included a provision for the coining of the old silver dollar,** but the provision as to legal tender, limited it to sums not exceeding 50 dollars in any one payment. It passed the House under the leadership of Mr. Randall, a Democrat, was taken into the Senate and on April 10th, reported from the Committee on Finance by John Sherman, its Chairman. The bill was amended, limiting its legal tender quality to 20 dollars and declaring that it should not be received for customs-duties, nor used to pay interest on the public debt. In the Senate the bill was in charge of John Sherman, a Republican. It was debated *part of one day* **and the provision as to the *silver* dollar then dropped out** so as to expedite, it was said, the remainder of the bill, and it was promised that a new bill would be brought in as to the silver dollar. This was not done.

The Peculiar Features of the Bill

were that **it did not provide for unlimited coinage nor was there any provision that the government should purchase silver and have it coined.** OF COURSE IT WOULD HAVE UTTERLY FAILED TO RESTORE THE SILVER DOLLAR ALTHOUGH ON ITS FACE IT APPEARED TO DO SO.

It is also interesting and instructive to examine the sophisms put forth by John Sherman on the floor of the Senate in a so-called explanation of the silver question. It was just before election and he wished to appear well before the people.

John Sherman's Hypocritical Speech.

He said: "The old silver dollar was dropped out, in the revision [of 1873], and why? **Simply because it was not in use** [?]. No law repealed the silver dollar [?]; it was simply dropped out—there was no such coin in use. It could not circulate because in 1872 and 1873 the silver dollar was worth more than the gold dollar. As it had not been coined for twenty years it was dropped out from among the coins of the United States."

As to the effect of Germany's going to the gold standard and selling her silver coins, he said: "The enormous effect of this law in Germany, I suppose is felt. by every man, woman and child who buys or sells anything. It at once begot a struggle for the possession of gold between

all the great nations of the world because everybody could see that if you demonetize $3,200,000,000 of silver coin and made $3,500,000,000 of gold coin, the sole standard of all the transactions of the world commencing with the great nations of Europe, then extending to the smaller until it reached the Asiatic countries, **it would enormously add to the value of gold** and therefore it was that the Bank of France, the Bank of England, and the Imperial Bank of Germany at once commenced grasping for gold in whatever form. **Therefore, what we have observed recently is not so much a fall of silver as it is** A RISE OF GOLD; the inevitable effect of a fear of demonetizing the whole mass of this silver. * * * **So in these three depositories there is over $600,000,000 of gold, or** OVER ONE-FIFTH OF THE SUPPLY OF THE WORLD. * * *

"I do not believe that this process [of demonetizing silver] will go any further than it has already gone. **It is now arrested** [?]. * * *

"The utter ruin that would come to mankind, especially to the poorer nations, by the entire demonetization of silver cannot be estimated by us. Take one-half of the solid money of the world out of existence; take the sole standard of more than two-thirds of the human race, reduce it to a base metal and the effect upon the commerce of the world would be incalculable. *It cannot be done;* **it will not be done.** THERE IS NO DANGER OF IT [?]. These two metals, gold and silver, have traveled side by side from the beginning of time; the records of human history do not go back beyond it. * * *

"Why restore the silver dollar when it is now so depreciated by the events that I have named? Well, sir, the answer is that we have a large amount, some $400,000,000, of United States notes which now are a legal tender for all purposes and **the time has arrived when we can redeem all these United States notes with the old dollar of the United States.** We do not create a dollar; we simply provide for the issuing of the dollar. The law was, as I have shown you, up to 1873 that this old dollar could be tendered for the payment of all debts; but it was simply not coined because the silver dollar was worth more than the gold dollar. **Does that prevent us from coining it? Not in the least."** And he in support of this proposition read an extract from Seyd in which America is urged to readopt a bimetallic law and thereby "*not only save the world at large from an abyss,* **and prevent the accomplishment of a stupid general crime,** WHOSE AUTHORS HUMANITY WOULD SOME DAY LEARN TO CURSE, but that she would advance her own material interests more than may be supposed possible, and that she may perchance take the lead in the intelligent and prudent organization of firm

monetary systems." Mr. Sherman after brazenly quoting this passage specially aimed at himself among others, further said:

"The only way to maintain our silver coin at par with gold is *to limit the amount* either by the law of demand and supply or by the demand for silver coin in exchange for fractional currency and United States notes. * * * I would greatly prefer to reduce the legal tender quality to $10; but I am willing to vote for $20. It is manifest that to make it $50 would entirely destroy our gold revenue and probably cause the exportation of gold abroad and impair the volume of gold in the country. * * * **I am quite sure that this measure will help the body of the people[?]; and that is the only interest I have in it, certainly [???.]**"

10. ***Senator Morton of Indiana***

wished "to put enough silver in the silver dollars *to make them the equivalent of* **gold coin,** so that they may circulate together and be interchangeable the one for the other. Then you can make it a legal tender for a large amount."[1]

The three gentlemen whose names we have just mentioned, namely, Senators Sherman and Morton and Congressman Randall, were all of them aspirants for the Presidency. Sherman and Morton were Republicans and Randall was a Democrat. We will now mention two other men who were striving for the Presidential nomination.

11. ***Secretary of The Treasury Bristow,***

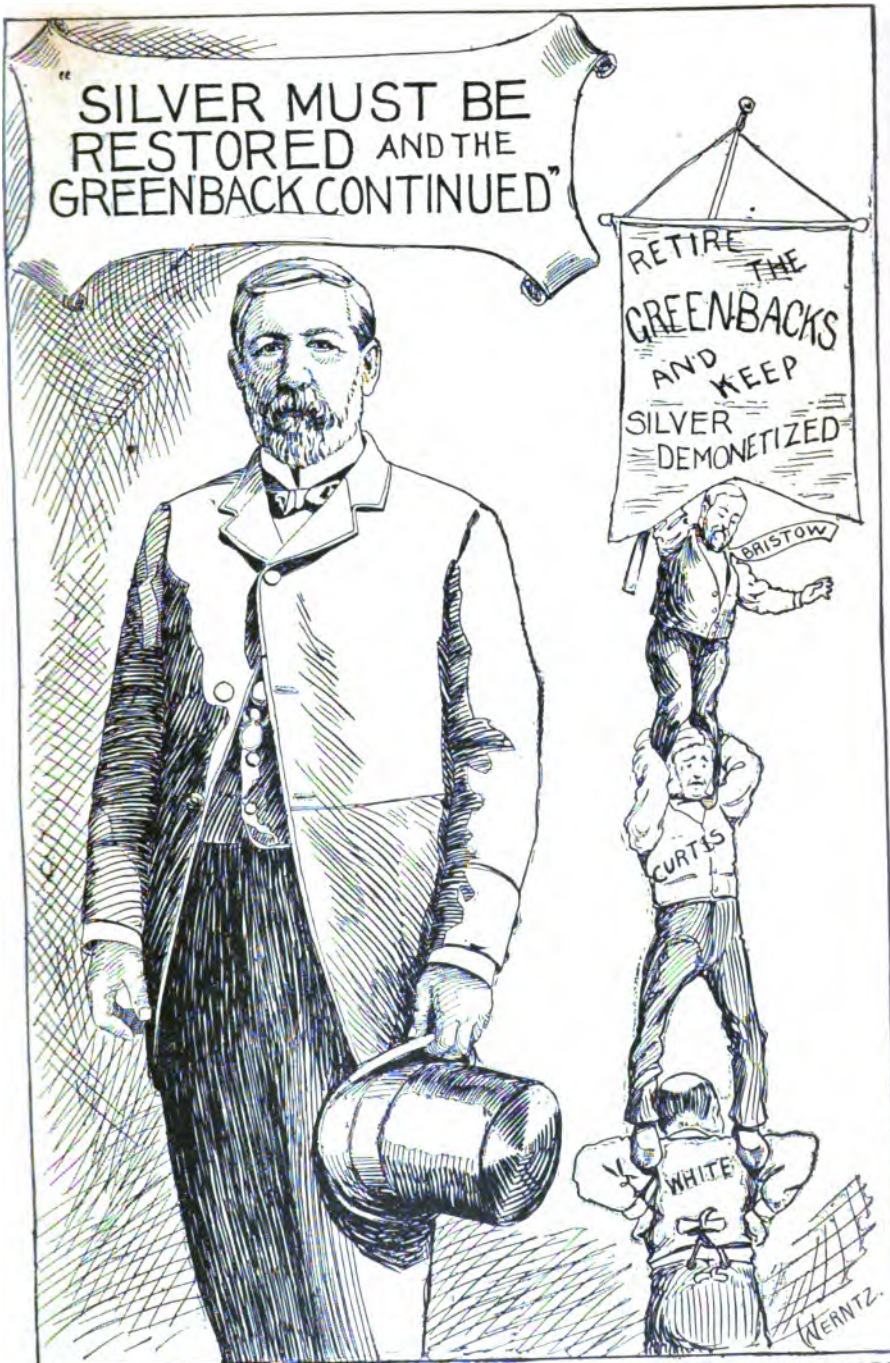
a Republican, was striving for the Presidential nomination. He was highly satisfactory to the moneyed interests. Early in 1876 he further established the "soundness" (?) of his views **by recommending the repeal of the legal-tender act and the funding of greenbacks into interest-bearing bonds.** This would further contract the currency and thus still further increase the measure of value. On the other hand,

12. ***Senator Blaine, of Maine,***

in a speech on the Currency Question, February 10, 1876, said:

"I must here record **my earnest protest against the policy of repealing the legal-tender clause** which has given to these notes their great strength as a circulating medium. I cannot see how the government can consistently deprive these notes of their legal-tender quality until it is ready to redeem them in coin on presentation; and when it is so ready to redeem them, what need or advantage will there be in raising the question?"

[1] **Same citation, 2349.**



THE RACE FOR THE PRESIDENTIAL NOMINATION—BLAINE'S RECORD AND THAT OF THE MAN PUT FORWARD BY THE "INDEPENDENT" REPUBLICANS.

As to the Restoration of Silver, Mr. Blaine said: "All wise legislation toward resumption *will take care that no needless burden be thrown on these who have debts to pay.* * * * There is no desire to destroy the legal tender character of the [United States] note, but a settled determination to bring it to par with **coin,** and by this means bring [also] every national bank note to the same standard."

He further spoke of silver in this way: Gold "*with another precious metal*" has "maintained its rank to this day. No nation has ever succeeded in establishing any other standard of value."

Thus Blaine stood for the Restoration of Silver and the Continued Use of the Greenback. Opposed to him on the Republican side were Bristow and Sherman, both striving to increase the measure of value and at the same time make the people believe that they were working for the general welfare.

April 6th the storm against Blaine, and, as it afterward appeared, in favor of Bristow, appeared in the shape of an Address dated at New York and sent to many prominent Republicans. It said:

13. *The Moneyed Interests Against Blaine.*

a. THE "INDEPENDENT" REPUBLICANS FIGHT FOR "SOUND" MONEY.

"Dear Sir: — The widespread corruption in our public service, which has disgraced the Republic in the eyes of the world, and threatens to poison the vitality of our institutions; the uncertainty of the public mind and of party counsels, *as to grave economical questions* **involving in a great measure the honor of the Government,** the morality of our business life, and the general well-being of the people [i. e., **the Silver Question**] and the danger that an inordinate party spirit may, through the organized action of a comparatively small number of men who live by politics, succeed in overriding the most patriotic impulses of the people and in monopolizing political power for selfish ends, seem to render it most desirable that no effort should be spared to secure to the popular desire for genuine reform a decisive influence in the impending national election." A second paragraph followed in the same style and asking, finally, that the individuals addressed meet for conference "in the City of New York on the 15th of May." Among those signing this document were Carl Schurz and Horace White. George William Curtis's signature did not appear but he was one of the leaders.

Pursuant to the call a body of men met, and on the following day put forth "An Address to the American People." **In this the money question was kept out entirely.** Had they overlooked it or was it that *they sought to keep it in the background and secretly make belief in the contin-*

uance of the Gold Standard **a test of fitness for the Presidency** along with that of Civil Service Reform? Certain it is that **the only string played upon was Civil Service Reform.** And among other things they declared that "We shall support no candidate, however conspicuous his position or brilliant his ability, in whom the impulses of the party manager have shown themselves predominant over those of the reformer."

b. THE STORM BURSTS.

From the Crèdit Mobilier storm Blaine had emerged untouched, but in February, 1876, a concerted attempt was made to spread the rumor that he had in earlier years sold his services to the Union Pacific Railroad Company, a road which derived its franchises from the national government. The story was that he received $64,000. **This Mr. Blaine answered with a denial of the whole statement so far as it concerned himself.** What followed is set forth in Gail Hamilton's Biography of James G. Blaine, page 335. Miss Hamilton and Blaine were cousins and very intimate, she residing in his family for a considerable time. I quote from the volume and page mentioned: "But no private denial could make headway against a tale *intended for public circulation.* **On April 11** [5 DAYS AFTER THE NEW YORK 'CALL'] an Indianapolis newspaper opened its columns formally to the charge, **unwittingly revealing the animus of the attack in the first sentence:** 'A prominent BANKER of this city is in possession of a secret the exposure of which will forever blast the prospects of a certain candidate for the Presidency.'"

As Mr. Blaine did not immediately reply, the utterers of the tale began to demand that Mr. Blaine ask an immediate investigation and to threaten that "if he does not, J. S. C. Harrison will go before the Judiciary Committee of the House as government director of the road and demand an immediate investigation;" and when a week had passed some not perhaps so unfriendly as timid observers, began to fear that "Blaine had made a mistake in not asking an investigation."

Mr. Blaine had his own way of meeting these rumors. His private letter of denial had been enough to meet honest doubt. To the public charge he made public answer in the full House of Representatives, not demanding investigation but bringing proof that defied investigation.

c. MR. BLAINE ANSWERS THE CHARGES.

It was on the 24th of April, a rainy and dismal day, but the House was crowded. Mr. Blaine read his speech from manuscript. He set forth his evidence **which clearly and conclusively showed that the story told against him had no foundation.** He then said: "This closes the testimony I have wished to offer.

"Several newspapers—some of them, doubtless, from friendly motives—have urged that I should ask for a committee to investigate these charges. I might have done that and awaited the delay and slow progress that inevitably attend all Congressional investigations. Three and a half years ago I moved a committee to investigate the Crèdit Mobilier charges, and though every particle of proof, in complete exculpation of myself was before the committee in thirty-six hours after its first meeting, I was compelled to wait for more than two months, indeed seventy full days, *before I got a public report exonerating and vindicating me from the charges.* **If I had asked for a committee to investigate the pending matter I should have been compelled to wait its necessarily slow action, with the charge all the while hanging over me, undenied and unanswered;** and, pending the proceedings of an investigation which I had myself asked, propriety would have forbidden my collecting and publishing the decisive proofs which I have now submitted. * * *

"To give a seeming corroboration or foundation to the story which I have disproved, the absurd rumor has lately appeared in certain newspapers that I was the owner of from $150,000 to $250,000 of the Little Rock and Fort Smith Railroad bonds, which I received without consideration, and that it was from these bonds that Thomas A. Scott received his $75,000. The statement is gratuitously and utterly false." Mr. Blaine then proceeded to show that his actions had been perfectly honorable.

In conclusion he said: "Let me now, Mr. Speaker, **briefly summarize** what I have presented:

"First, that the story of my receiving $64,000 or any other sum of money or other thing of value from the Union Pacific Railroad Company, directly or indirectly, or in any form, for myself or for others, is **absolutely disproved by the most conclusive testimony.**

"Second, that **no bond of mine was ever sold** to the Atlantic and Pacific or the Missouri, Kansas and Texas Railroad Company, and that not a single dollar of money from either of those companies ever went to my profit or benefit.

"Third, that instead of receiving bonds of the Little Rock and Fort Smith road as a gratuity, I never had one except at the regular market price, and that, instead of making a large fortune out of that company **I have incurred a severe pecuniary loss from my investment in its securities which I still retain.**

"I can hardly expect that any statement from me will stop the work of those who have so industriously circulated these calumnies. **For months past the effort has been energetic and continuous to spread these stories in private circles.** EMISSARIES OF SLANDER **have**

visited the editorial rooms of leading Republican papers from Boston to Omaha, and whispered of revelations to come that were too terrible even to be spoken in loud tones. And at last the revelation has been made!

"I am now, Mr. Speaker, in the fourteenth year of a not inactive service in this hall. I have taken and have given blows. I have, no doubt, said many things in the heat of debate which I would now gladly recall. I have, no doubt, given votes which in fuller light I would gladly change. **But I have never done anything in my public career for which I could be put to the faintest blush in any presence, or for which I cannot answer to my constituents, my conscience and the great Searcher of hearts."**

To all right-thinking men

The Answer was Sufficient.

The most captious reformer was constrained to admit that "Mr. Blaine stands fully acquitted before the people," venturing to add only the suggestion that it would have greatly strengthened Mr. Blaine's explanation and denial if he could have submitted facts showing precisely to whom or for what purpose the sum of $64,000 for some worthless Arkansas railroad bonds was paid.

We will continue Gail Hamilton's words:

As doubt was not the beginning of the attack, refutation was not necessarily the end. The point was not to dismiss charges which could not be proved, but to keep alive charges which had been disproved, **until after the meeting of the National Republican Convention in June,** which was to nominate a candidate for the presidency. This might be accomplished by the mere institution of a Congressional Investigation, which there was no difficulty in securing from a Democratic House.

d. A CONGRESSIONAL INVESTIGATION OF BLAINE.

On May 2 a resolution was adopted instructing the Judiciary Committee to inquire if any such transaction took place, and if so, whether the transaction was from corrupt design, and who were the guilty persons. Mr. Tarbox, of Massachusetts, who fathered the resolution, had previously distinguished himself by surreptitiously obtaining and using in the House the text of Mr. Blaine's speech on the currency before it was delivered, to the great displeasure of all honorable men, especially among his Democratic allies.

The investigation was opened on May 15th. It may be mentioned as indicative of the level of Mr. Blaine's opponents that **on the same morning the old charge of Credit Mobilier days** regarding the Kansas Pacific bonds, which had been abandoned as "a case of brothers,"

reappeared in long columns of the newspapers, REARRANGED AS A FRESH AND FATAL DISCOVERY. A development of the fatuity of malice it proved to be, for Mr. Stuart trampled it to a second death five days after.

Mr. Blaine was present at the investigation, surrounded by watchful and alert friends, as well as by eager political opponents; but he permitted nothing to escape him. Every weak point was brought out by skillful question or pregnant remark. All the material facts which he had stated to the House were repeated as sworn testimony before the committee. * * *

Crowning all this conclusive, sufficient, but negative testimony came positive testimony in the sworn statement of Mr. Thomas A. Scott, *that the $64,000 Little Rock and Fort Smith bonds were his* [Mr. Scott's], *that he had received them from Mr. Josiah Caldwell, who was constructing the road, and that he had sold them to the company at a figure higher than the market price, as compensation for extraordinary services rendered the road as its president!*

At this point Mr. Blaine claimed that he was entitled to have judgment on the $64,000 bonds. Mr. Lawrence, the only member of the sub-committee who had not been in the rebel ranks, declared that the investigation had utterly failed to put guilt on Mr. Blaine, and that no suspicion attached to him.

All in vain. The New York convention, which had met at Syracuse on the 25th of March, had developed a suspicion that it held two Blaine votes for every Conkling vote. New Hampshire had spoken unmistakably for Blaine. The delegations continued to "come in for Blaine." **The investigation** MUST **go on.**

The evidence was in. All that remained was babble, which can, doubtless, be found in the chronicles of that day by all who desire it. To most of this Mr. Blaine listened with varying degrees of disgust and comtempt, which he was not always careful to conceal. The testimony before the committee was so frivolous on the one side, so conclusive on the other, that no reason appeared for not bringing in the report, and Mr. Blaine was publicly congratulated on his successful defense, exactly as if a just report had been rendered.

There remained only two weeks to the national convention. The Illinois convention was overwhelmingly for Blaine; there was a spontaneous outburst for him in Missouri, and on June 1st Iowa declared for Blaine.

There began to be whisperings in the underworld that Mr. Blaine might be implicated in corrupt legislation with the Northern Pacific Railroad.

Mr. Blaine answered simply: "From first to last in all the legislation touching Pacific railroads, I never had an interest of a penny in one of them or in any of their branches, directly or indirectly."

Idle Words for Beasts of Prey.

A final deadly blow was heralded. An incriminating letter existed. Witnesses were coming from Boston who would show not only that Mr. Blaine was implicated in Northern Pacific bribery, but that he had been the owner of the $64,000 bonds. These witnesses proved to be Mr. Elisha Atkins, Mr. Warren Fisher, and Mr. James Mulligan. Mr. Atkins was a director of the Union Pacific road. With Mr. Fisher Mr. Blaine had been connected in Little Rock and Forth Smith and some other investments. Their relations had been friendly until the termination of the business connection, which had long ceased to be satisfactory to Mr. Blaine. Mr. Mulligan had once been the clerk of Mr. Blaine's brother-in-law, Mr. Jacob Stanwood, in Boston, and afterwards of Mr. Fisher. With Mulligan Mr. Blaine was so slightly and remotely associated, that when on May 29 a telegram from Boston told him that Mulligan was on the way to Washington with hostile intentions, and a member of his family asked him what the telegram meant, he only answered carelessly, "I am sure I do not know!"

It was soon reported that **Mr. Mulligan had private letters from Mr. Blaine to Mr. Fisher** during the time when they had common interests.

The Mulligan Letters.

Mr. Blaine was incredulous, as there had been the understanding, frequent at the close of business transactions, that correspondence should be destroyed. It was of no special importance and Mr. Blaine had left the arrangement to complete itself. He promptly sent a servant to their hotel asking Mr. Fisher and Mr. Mulligan to come to his house. Mr. Fisher came alone, and upon questioning him Mr. Blaine learned that an indefinite number of his letters had not been destroyed, and were in Mulligan's possession by Mr. Fisher's own act.

The three witnesses appeared before the committee. The testimony of Mr. Atkins and Mr. Fisher was entirely negative. Neither knew of any such transactions as were alleged. Mr. Mulligan was equally uninformed, except that he had understood Mr. Atkins to say that seventy-five bonds went from Mr. Blaine to Mr. Scott and were "worked off upon the Union Pacific;" but he knew nothing about it himself. Mr. Atkins testified without delay that he never said it to Mr. Mulligan, but that Mr. Mulligan said it to him! Mr. Atkins testified also that Mr.

Mulligan had a grudge against Mr. Blaine—thought Mr. Blaine did not treat him right many years ago in the settlement of the estate of his brother-in-law, Stanwood; said, "Mr. Blaine went back on him."

While the committee was hearing this testimony, as it must be called, Mr. Blaine sat in the committee-room, lost in thought, communicating with no one, every feature drooping, presenting to the observer an appearance of deep melancholy. It was an attitude perfectly familiar to his intimates, and meant only abstraction. Often when thinking, his soul seemed drawn away, leaving his face inert, vacant. He was utterly unable to pose for effect, or to consider how he was appearing. In a committee crowded with alert foes and newsgatherers, this change from his usual intent attention was almost embarrassing to his friends.

In truth Mr. Blaine was not so much interested in the testimony or in the committee, as in his own letters so treacherously manipulated.

As soon as he had decided what to do, he quietly secured an adjournment. His course was, as always, the straightforward one. As Mulligan would not come to him he went to Mulligan, and asked from him the surrender of the letters. Mr. Mulligan refused. Mr. Blaine attempted reasoning, but to that Mr. Mulligan was impervious. He took the position that the private letters of a public man are public, and doggedly insisted that he should retain the letters and publish them at his pleasure either before or after the investigation. Mr. Blaine suggested that Mulligan return them to Mr. Fisher, who was present, and who alone besides himself had right to them. But Mr. Fisher declined to receive them, and directed Mulligan to give them to Mr. Blaine. Mulligan declared that "he would not give them up to God Almighty or His Father."

Whereupon, without further parley,

Mr. Blaine took the letters,

calling upon Mr. Fisher and Mr. Atkins to witness his act.

Returning home he at once sent for two friends from the House and requested their inspection of the letters.

The next morning Mr. Mulligan appeared before the committee and gave them an account of the interview, reducing it to his own level in the narration. The Democratic element in the committee tried to get at the contents of the letters. Mr. Blaine demanded to be heard before they went into his private letters. Mr. Frye, of the minority, protested that there was no rule of law by which the witnesses could be interrogated at this point regarding the contents of the letters. Mr. Hunton (of Virginia) was frank enough to admit that "this committee is not gov-

erned by the ordinary rules of law," and Mr. Mulligan was induced to swear that the bonds which Mr. Caldwell sold to Mr. Scott *were the bonds that he had received from Mr. Blaine, and that* **Mr. Blaine had acknowledged it in his own letter.**

When at length Mr. Blaine was permitted to testify, he gave a full account of the circumstances attending his seizure of the letters, pronounced Mulligan's detention of them illegal, took his stand on his rights as a citizen, and declined to yield the letters to the committee. He informed them that he had consulted friends, should submit the letters to counsel, and be guided by their advice; but at present he refused to yield the letters.

The next morning he submitted the written opinion of the Hon. J. S. Black, of Pennsylvania, a Democrat, and Senator Matt H. Carpenter, of Wisconsin, a Republican, and it was read in committee.

WASHINGTON, June 2, 1876.

The Hon. James G. Blaine has laid before us fifteen letters written by him to Warren Fisher, Jr., between the years 1864 and 1872 inclusive, and three other papers in the same package—making eighteen papers in all—which he informs us he received from James Mulligan on the 31st of May, 1876, at the Riggs House, in the city of Washington. We have carefully examined these letters and papers at Mr. Blaine's request, with intent to ascertain whether they relate to the subject-matter which the Judiciary Committee of the House of Representatives are authorized to inquire into by resolution of the House, passed May 2, 1876.

We do not hesitate to say that **the letters and papers aforesaid have no relevancy whatever to the matter under inquiry.** We have no doubt the committee itself would decide the question of their relevance the same way. As a result of this it follows that Mr. Blaine having the letters and papers in his possession is not bound to surrender them. Referring to Mr. Blaine's private affairs, and being wholly beyond the range of the investigation which the committee is authorized to make, it would be most unjust and tyrannical as well as illegal to demand their production. We advise Mr. Blaine to assert his right as an American citizen, and resist any such demand to the last extremity.

(Signed) J. S. BLACK,
MATT. H. CARPENTER,
Counsellors at Law.

The committee were at their wits' end. Not only were the letters, from which they had expected so much, in Mr. Blaine's actual and legal possession, with no means in sight by which he could be dispossessed, but there was this irrefutable evidence that the letters were not relevant. The sub-committee referred the situation to the Judiciary Committee, on Saturday, June 3. After much vain attempt to grapple with it themselves, Mr. Scott Lord proposed to bring it before the House for decision; but his proposition was vigorously rejected, one member remarking that though they did not know what to do, **they knew what not to do, and that was "not to have Blaine cavorting round on the floor of the**

House." After protracted and perplexed discussion, the matter was postponed to Tuesday, June 6th. But the committee gave no sign that they would render a report. The three witnesses—Atkins, Mulligan and Fisher—were discharged, and by night it became known that **the committee would not bring the question before the House.**

THEN MR. BLAINE DETERMINED THAT HE WOULD. The committee had postponed all consideration of the matter till Tuesday, June 6th. Mr. Blaine resolved to consider it on Monday, June 5th. After the morning hour, the Geneva Award bill was in order, but Mr. Blaine claimed the floor on a question of privilege.

f. BLAINE LAYS THE CASE BEFORE THE PUBLIC.

As soon as the word "Blaine is up" went through the Capitol the galleries, the aisles, the floor of the House, the corridors filled. All the door-ways were bulging out with men who by no possibility could hear anything more than the tones of a voice and the swell of applause; but the spirit of the occasion held them fast.

Mr. Blaine.—If the morning hour has expired, I will rise to a question of privilege.

The Speaker (*pro tempore*).—The morning hour has expired.

Mr. Blaine.—Mr. Speaker, on the 2d day of May this resolution was passed by the House: * * *

The resolution on its face, and in its fair intent, was obviously designed to find out whether any improper thing had been done by the Union Pacific Railroad Company; and of course, incidentally thereto, to find out with whom the transaction was made. The gentleman who offered that resolution offered it when I was not in the House, and my colleague (Mr. Frye), after it was objected to, went to the gentleman and stated that he would have no objection to it, as he knew I would not have, if I was present in the House. The gentleman from Massachusetts (Mr. Tarbox), to whom I refer, took especial pains to say to my colleague that the resolution was not in any sense aimed at me. The gentleman will pardon me if I say that I had a slight incredulity upon that assurance given by him to my colleague.

No sooner was the sub-committee designated than **it became entirely obvious that the resolution was solely and only aimed at me.** I think there had not been three questions asked until it was obvious that the investigation was to be a personal one upon me, and the Union Pacific Railroad or any other incident of the transaction was secondary, insignificant, and unimportant. I do not complain of that; I do not say that I had any reason to complain of it. If the investigation was to be made in that personal sense, I was ready to meet it.

The gentleman on whose statement the accusation rested, Mr. Har-

rison, was first called. He stated what he knew from rumor. Then there were called Mr. Rollins, Mr. Morton, and Mr. Millard from Omaha, a government director of the Union Pacific road, and finally Thomas A. Scott. **The testimony was completely and conclusively in disproof of the charge that there was any possibility that I could have had anything to do with the transaction.**

I expected (and I so stated to the gentleman from Virginia, the honorable chairman of the sub-committee) that I should have an early report; but the case was prolonged, and prolonged, and prolonged; and when last week the witnesses had seemed to be exhausted, I was somewhat surprised to be told that the committee would now turn to investigate a transaction of the Northern Pacific Railroad Company on a newspaper report that there had been some effort on my part with a friend in Boston to procure for him a share in that road, which effort had proved abortive, the money having been returned. I asked the honorable gentleman from Virginia on what authority he had made that investigation — not that I cared about it; I begged him to be assured I did not; and the three witnesses that he called could not have been more favorable to me within any possibility. But I wanted to know on what authority I was to be arraigned before the country upon an investigation of that kind; and a resolution offered in this House on the 31st of January by the gentleman from California (Mr. Luttrell) was read as the authority for investigating that little transaction in Boston. I ask the House to bear with me while I read a somewhat lengthy resolution: * * *.

That resolution embraces a very wide scope. It undoubtedly embraces a great many things which it is highly proper for the government to look into; but I think the gentleman from California who offered that resolution will be greatly surprised to find that the first movement made under it to investigate what the Northern Pacific Railroad Company has done was to bring the whole force of that resolution to find out the circumstances of a little transaction in Boston which never became a transaction at all. I asked the gentleman from Virginia how he deduced his power. Well, he said, it would take three months to go through the whole matter, but in about three months it would reach this point, and that *he might as well begin on me right there.* He began; and three witnesses testified precisely what the circumstances were. I had no sooner got through with that, than I was advised that in another part of the Capitol, without the slightest notice in the world being given to me, with no monition, no warning to me, I was being arraigned before a committee known as the Real Estate Pool Committee, which was originally organized to examine into the affairs of the estate of Jay Cooke & Co., and whose powers were enlarged on the third day of April by the

following resolution: [The resolution was then read and Mr. Blaine continued.]

They began an investigation, which, I am credibly informed, and I think the chairman of the committee will not deny, was specifically aimed at me. **I had no notice of it, not the remotest; no opportunity to be confronted with witnesses.** I had no idea that any such thing was going on, not the slightest. So that **on three distinct charges I was being investigated at the same time and having no opportunity to meet any one of them**; and I understand, though I was not present, that the gentleman from Virginia has this morning introduced a fourth, to find out something about the Kansas Pacific Railroad, a transaction fifteen years old, if it ever existed, and has summoned numerous witnesses.

Now, I say, and I state it boldly — that, under these general powers to investigate Pacific railroads and their transactions, the whole enginery of this committee is aimed personally at me; and I want to be understood by the country. I have no objection to it; but I want you by name to organize a committee to investigate James G. Blaine. **I want to meet the question squarely.** That is the whole aim and intent; and the gentleman from Virginia (Mr. Hunton) and the gentleman from Kentucky (Mr. Knott) will pardon me for saying that when this investigation was organized I felt that such was the whole purpose and object. I will not make further references, for I do not wish to stir up any blood on this question; but ever since a certain debate here in January it has been known that there are gentlemen in this hall whose feelings were peculiarly exasperated toward me. And I beg the gentleman from Kentucky, the chairman of the Judiciary Committee, to remember that when this matter affecting me went to his committee, while there were seven Democratic members of the committee he took as the majority of the sub-committee the two who were from the South and had been in the rebel army.

Then when the investigation began, the gentleman from Virginia who conducted it insisted under that resolution, which was obviously on its face limited to the seventy-five thousand dollar transaction — the transaction with the Union Pacific Railroad — he insisted in going into all the affairs of the Fort Smith Railroad as incidental thereto, and pursued that to such an extent that finally I had myself, through my colleague, Mr. Frye, to take an appeal to the whole committee, and the committee decided that the gentleman had no right to go there. But when he came back and resumed the examination, he began again exactly in the same way, and was stopped there and then by my colleague who sits in front, not as my attorney, but as my friend.

When the famous witness, Mulligan, came here loaded with information in regard to the Fort Smith road, the gentleman from Virginia

drew out what he knew had no reference whatever to the question of investigation. He then and there insisted on all of my private memoranda being allowed to be exhibited by that man in reference to business that had no more connection, no more relation, no more to do with the investigation, than with the North Pole.

And the gentleman tried his best, also,—though I believe that has been abandoned,—to capture and use and control my private correspondence. This man had selected out of correspondence running over a great many years, letters which he thought would be peculiarly damaging to me. He came here loaded with them. He came here primed. He came here on that particular errand. I was advised of it, and I obtained those letterrs under circumstances which have been notoriously scattered throughout the United States, and are known to everybody. I have them. I claim I have the entire right to those letters, not only by natural right, but upon all the precedents and principles of law, as the man who held those letters in possession held them wrongfully. The committee that attempted to take those letters from that man for use against me, proceeded wrongfully. They proceeded in all boldness to a most defiant violation of the ordinary private and personal rights which belong to every American citizen, and I was willing to stand and meet the Judiciary Committee on this floor. I wanted them to introduce it. I wanted the gentleman from Kentucky and the gentleman from Virginia to introduce that question upon this floor, but they did not do it.

Mr. Knott (in his seat).—I know you did.

Mr. Blaine.—Very well.

Mr. Knott.—I know you wanted to be made a martyr of. (Laughter.)

Mr. Blaine.—And you did not want to, and there is the difference. (Laughter and applause.) I go a little further; **you did not dare to.**

Mr. Knott.—We will talk about that hereafter.

Mr. Blaine.—I wanted to meet that question; I wanted to invoke all the powers you had in this House on that question. I repeat, the Judiciary Committee, I understand, have abandoned that issue against me. I stood up and declined, not only on the conclusion of my own mind, but by eminent legal advice. I was standing behind the rights which belong to every American citizen, and if they wanted to treat the question in my person anywhere in the legislative halls or judicial halls I was ready. Then there went forth everywhere the idea and impression that because I would not permit that man, or any man whom I could prevent, from holding as a menace over my head my private correspondence, there must be something in it most deadly and destructive to my reputation. I would like any gentleman on this floor—and all gentlemen on this floor are presumed to be men of affairs, whose business has

been varied, whose intercourse has been large—I would like any gentleman to stand up here and tell me that he is willing and ready to have his private correspondence scanned over and made public for the last eight or ten years. I would like any gentleman to say that. Does it imply guilt? Does it imply wrong-doing? Does it imply any sense of weakness that a man will protect his private correspondence? No, sir; it is the first instinct to do it, and it is the last outrage upon any man to violate it.

Now, Mr. Speaker, I say that I have defied the power of the House to compel me to produce those letters. I speak with all respect to this House. I know its powers, and I trust I respect them. But I say this House has no more power to order what shall be done or not done with my private correspondence than it has with what I shall do in the nurture and education of my children; not a particle. The right is as sacred in the one case as it is in the other. **But, sir, having vindicated that right,** standing by it, ready to make any sacrifice in the defense of it, here and now, if any gentleman wants to take issue with me on behalf of this House, I am ready for an extremity of contest or conflict in behalf of so sacred a right. And while I am so, **I am not afraid to show the letters.** Thank God Almighty, I am not afraid to show them. There they are [holding up a package of letters]. There is the very original package. And with some sense of humiliation, with a mortification that I do not pretend to conceal, with a sense of outrage which I think any man in my position would feel, I invite the confidence of forty-four million of my countrymen while I read those letters from this desk.

He was hardly permitted to finish the sentence. The tense listening broke into applause prolonged, insuppressible—applause that widened in great waves through the land as the wires flashed the words,

"Blaine is Reading the Letters."

It was afterward remembered as characteristic of Mr. Blaine that in taking his countrymen into his confidence he had not reckoned them according to the last census, but had allowed for the subsequent increase of the population!

A slight explanation prefaced the reading of each letter. Referring only to matters long past, of no present or public interest, their unsensational character gave a distinct relief to the strained attention of the audience. But it was noted that the letters revealed one thing which Mr. Blaine had withheld. He had told the truth but not the whole truth. He had said enough to justify himself, but it was not possible for him to glorify himself. The letters certified more than his honesty or his honor,—his magnanimity. **They showed that when the Fort Smith enterprise proved unsuccessful he not only met his own loss, but assumed the losses of "those innocent persons who invested on my**

request." Two of his friends, Hon. Abner Coburn and Mr. Charles B. Haseltine, a staunch Democrat, refused to accept reimbursement, on the ground that it was a financial venture and that each man's risk was his own. But Mr. Blaine would not himself apply that principle.

At the conclusion of the reading he went on :

"I do not wish to detain the House, but I have one or two more observations to make. The specific charge that went to the committee of which the honorable gentleman from Virginia is chairman, so far as it affects me, was whether I was a party in interest to the sixty-four thousand dollar transaction; and I submit that **up to this time there had not been one particle of proof before the committee sustaining that charge.** Gentlemen have said what they had heard somebody else say, and generally when that somebody else was brought on the stand it appeared that he did not say it at all. Col. Thomas A. Scott swore very positively and distinctly under the most rigid cross-examination all about it. Let me call attention to that letter of mine which Mulligan says refers to that. I ask your attention, gentlemen, as closely as if you were a jury while I show the absurdity of that statement. It is in evidence that, with the exception of a small fraction, the bonds which were sold to parties in Maine were *first-mortgage bonds.* It is in evidence over and over again that the bonds which went to the Union Pacific road were *land-grant bonds.* **Therefore it is a moral impossibility that the bonds taken up to Maine should have gone to the Union Pacific Railroad.** They were of different series, different kinds, different colors, everything different,—as different as if not issued within a thousand miles of each other. **So on its face it is shown it could not be so.**

"There has not been, I say, one positive piece of testimony in any direction. They sent to Arkansas to get some hearsay about bonds. They sent to Boston to get some hearsay. Mulligan was contradicted by Fisher, and Atkins and Scott swore directly against him. Morton, of Morton, Bliss & Co., never heard my name in the matter. Carnegie, who negotiated the note, never heard my name in that connection. Rollins said it was one of the intangible rumors he spoke of as floating in the air. Gentlemen who have lived any time in Washington need not be told that intangible rumors get considerable circulation here; and if a man is to be held accountable before the bar of public opinion for intangible rumors, who in the House will stand ?

"Now, gentlemen, those letters I have read were picked out of correspondence extending over fifteen years. The man did his worst, the very worst he could, out of the most intimate business correspondence of my life. I ask, gentlemen, if any of you—and I ask it with some feeling—can stand a severer scrutiny of or more rigid investiga-

tion into your private correspondence? That was the worst he could do."

He paused. The silence was expectant.

"There is one piece of testimony wanting. There is

But One Thing to Complete the Circle of Evidence.

There is but one witness whom I could not have, to whom the Judiciary Committee, taking into account the great and intimate connection he had with the transaction, was asked to send a cable despatch,—and I ask the gentleman from Kentuckey if that despatch was sent to him?"

"Who?" suggested Mr. Frye, in an undertone.

"Josiah Caldwell."

Mr. Knott responded blandly, "I will reply to the gentleman that Judge Hunton and myself have both endeavored to get Mr. Caldwell's address, and have not yet got it."

Then came the unexpected and upsetting question from Mr. Blaine, "Has the gentleman from Kentucky *received a despatch from Mr. Caldwell?*"

The House was breathless.

"I—will explain that—directly," replied Mr. Knott.

"I want a categorical answer," demanded Mr. Blaine.

"I have received," gasped Mr. Knott, "a despatch purporting to be from Mr. Caldwell."

"You did!"

"How did you know I got it?" asked Mr. Knott in the very fatuity of surprise.

"*When* did you get it?" questioned Mr. Blane, sternly. "I want the gentleman from Kentucky to answer when he got it."

"Answer my question first," parried Mr. Knott.

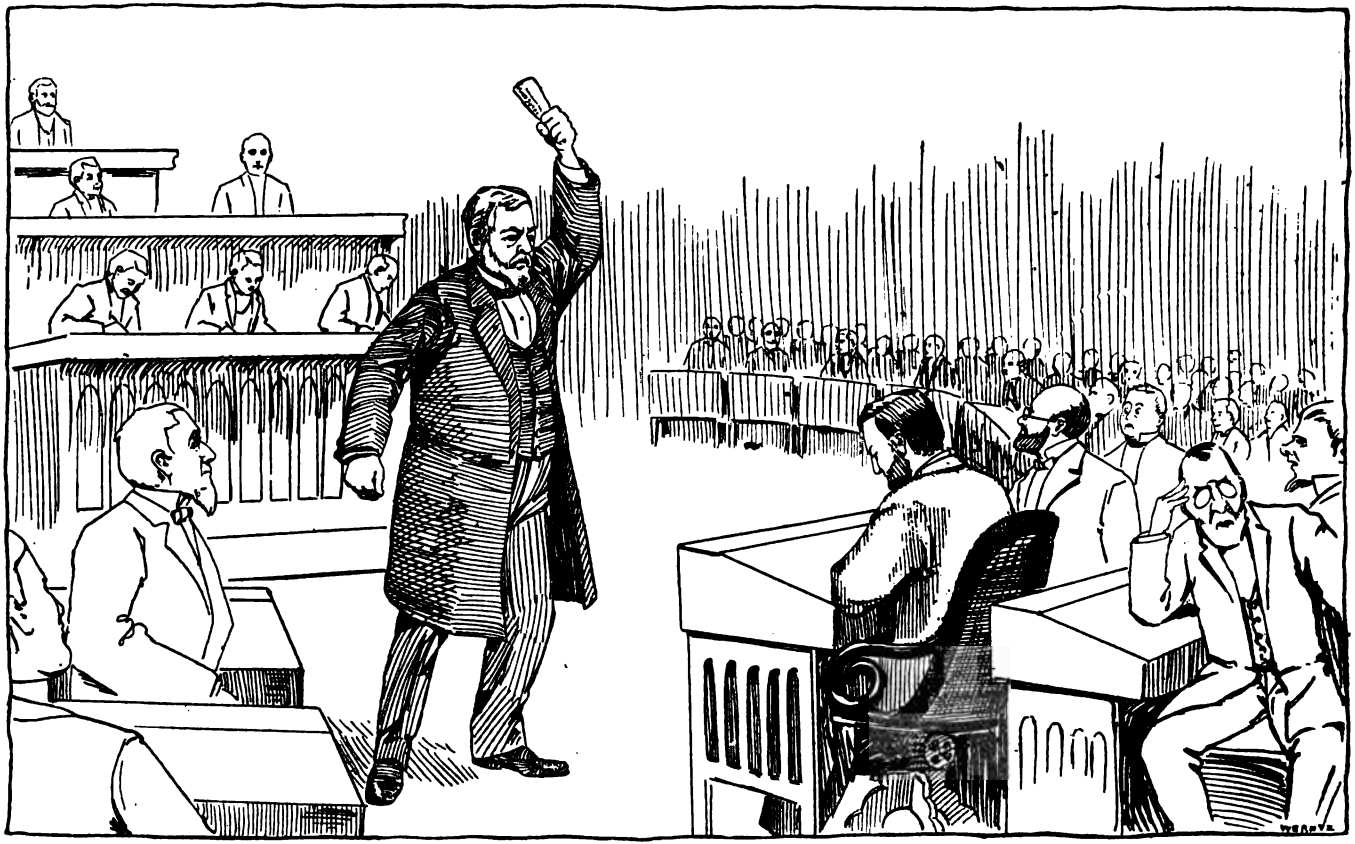
"I never heard of it until yesterday."

"How did you hear it?"

Mr. Blaine thrust aside the frivolous questioning, and for all answer towered down the aisle, *holding high a despatch in his uplifted hand,* and standing in the open space in front of the Speaker, in full view of the whole assembly, in the very face of Mr. Knott he pronounced with deliberate intense distinctness:

"You got a despatch last Thursday morning at 8 o'clock from Josiah Caldwell **completely and absolutely exonerating me from this charge,—** AND YOU HAVE SUPPRESSED IT!"

There was one instant of silence. Then went up from the great congregation such a sound as never those halls had heard before. It was not a shout, not a cheer, but rather a cry, the primal inarticulate



THE RACE FOR THE REPUBLICAN PRESIDENTIAL NOMINATION—BLAINE FOILS HIS TRADUCERS.

voice of all souls, fused in one, a victorious voice of horror, anger, exultation, triumph; rising, swelling, sinking, renewing in an ecstacy that could not end.

The House simply went to pieces. The vast audience dissolved into individual human beings abandoned to individual expression. For fifteen minutes nothing else was done. It seemed as if nothing else ever would be done. The Speaker is reported to have called to order, but only the reporters heard him. He is said to have complained piteously that he was not responsible, that the door-keepers had let in upon the floor twice as many visitors as there were members, and that the House would be cleared if the applause was repeated; but the applause was repeated at will, and no one left till he chose to go.

Mr. Blaine at length rose and offered a resolution, the most extraordinary perhaps that ever was offered in a Legislative assembly, or that an investigating committee ever encountered,—**a resolution which, in fact, put the investigating committee under investigation by the accused:**

Resolved, That the Committee on the Judiciary be instructed to report forthwith to the House whether in acting under the resolution of the House of May 2, relative to the purchase by the Pacific Railroad Company of seventy-five land-grant bonds of the Little Rock and Fort Smith Railroad, it has sent any telegrams to one Josiah Caldwell, in Europe, and received a reply thereto. And, if so, to report said telegram and reply, with the date when said reply was received, and the reasons why the same has been suppressed.

"And after that," suggested Mr. Blaine, rapidly, "add 'or whether they have heard from Josiah Caldwell in any way.' Just add those words, 'and what.' Give it to me and I will modify it;" and seizing a pen he swiftly scratched in the words, called the previous question on the resolution, and with another wild, long-continued applause from floor and gallery, the House adjourned and the audience slowly melted away. * * *

The investigating committee practically disappeared on the fifth of June. They had some meetings afterwards, but they had been permanently deflected from their original purpose, and the question henceforth before them was not the entanglement of Mr. Blaine, but **the disentanglement of Mr. Knott.** The nature, motive, and methods of the investigation had been too thoroughly exposed for it ever again to assume standing among men. In the committee room and on the floor of the House Mr. Blaine spoke a few rare words of haughty and supreme contempt which proved to be parting words, and appeared before them no more. After he had gone some signs of malign life stirred in the House, but Mr. Blaine's friends finding that their magnanimity had been abused by the "culprits"—to use General Garfield's designation—turned

and tore them in pieces. Deprived of the vitality which his presence lent, **the committee never pulled itself together enough to make a report** (The foregoing is taken from Gail Hamilton's Biography of Mr. Blaine). **Proctor Knott, however, afterward said: "I have no knowledge of any transaction of Mr. Blaine's inconsistent with the highest integrity."**[1] The Louisville Courier (Democratic) said: **"Blaine threw the letters in the face of the public, and lo! there is nothing in them."**[2]

Immediately after Blaine's defense in the House, some questioned the authenticity of the cable despatch received by Proctor Knott and signed Caldwell. Mr. D. B. Sickels, who for a long time held intimate business relations with Mr. Caldwell, cabled to him upon the subject, and June 9 received the following reply:

"To Sickels, New York.

"**Cabled Committee June 1, full explanation.** Caldwell."

The narration of events we will continue in Gail Hamilton's words:

There was no need that the investigating committee should report. Mr. Blaine had made his own report to the great tribunal, to the highest Court of Appeal on earth, the People, and received from them at once and forever, not merely the award of innocence, but the plaudit of righteousness. Thenceforth he became, and as long as he lived remained, the one prominent Republican candidate for the presidency, more eagerly desired by a larger number than any president had ever been, and followed and loved as a leader with an ardor that had relation to no place except that which he had made in the hearts of the people; and it is to be observed that the bulk of his nominating vote came always from *the electing States*, while the very candidates who were brought forward to defeat him in the nomination *depended upon the Blaine votes for election*—**and received them.**

Nevertheless,

g. EVIL DID A DEADLY WORK.

To a nature as delicately organized as strongly endowed, friendly yet seclusive, of honor in the blood and therefore not on the lips, this struggle fierce and prolonged, against the cold, close coil of the political devil-fish, had a slimy repulsion utterly apart from the glow of manly combat with wind and wave. Standing up steadfastly to the defense of his reputation, in which the hopes, the faith and the welfare of a great multitude were centered and attacked, Mr. Blaine was not infrequently overtaken by a sudden horror of inward loathing which only an ever present sense of the wide interests involved enabled him to surmount.

[1] Chicago Inter-Ocean, editorial, June 17, 1876.

[2] Same citation.

During all that hideous time no word of impatience broke from him to mar the intense sympathy of the household whose life was bound up in him. When once he was endlessly pacing back and forth through the long suite of rooms, silent, absorbed, a detaining hand was laid on his arm, he said gently, "Do not mind me," but continued his walk. Once lying on the sofa, ill with a slight malaria, he suddenly raised his clenched hand high and exclaimed in a voice thick with emotion, "When I think—when I think—that there lives in this broad land one single human being who doubts my integrity, I would rather have stayed"—but instantly controlled himself and did not finish the sentence. His magnificent bearing in front of the fight, his stately and splendid march to an unprecedented personal triumph, permitted no hint of the acuteness of his suffering. His patience and gentleness at home were beyond words.

The severe strain removed, a reaction came. On the Sunday after he had snatched his case from the suppression and suffocation of the committee, and had submitted it to the impartial judgment of men, he came from his chamber to the drawing-room well and strong as usual to all appearance. Through the spring he had been several times somewhat indisposed from malaria and disgust; but this morning he pronounced himself fresher and more elastic than he had felt for some days, and telegraphed cheerfully to his friends in Cincinnati who were already gathering for the convention that was formally to meet on the next Wednesday. When summoned to breakfast he walked into the dining-room with a child perched on each shoulder. It was a warm day and the carriage was suggested for church, but he preferred to walk. Nearing the church door, with no comprehensible warning

He Sank Down Unconscious

upon the stone step in the arms of his wife, who could save him only from falling. Help was instantly at hand. An omnibus standing on the street was driven up, in which he was laid and taken immediately home. For the sake of air he was placed upon the floor in the hall, with the doors wide open while a bed was prepared in the drawing-room. So quickly the tidings flew that the street was blocked with a sorrowful, sympathetic throng who gazed incredulous at the prostrate form. General Sherman, utterly skeptical, bent over the bed and called "Blaine! Blaine" as if it were a summons to battle; but only the ring of his own voice shook the air, and only his own lip quivered. The house filled with friends who went where they listed, but the master was far away, locked in impenetrable sleep. Hour after hour numbered themselves into days while this slumber held him; then the clouds slightly parted, slowly lifted, gradually, yet at the end suddenly,

rolled away, never to return. **On Tuesday afternoon all the channels of the mind were cleared,** and while the telegraph was flashing to Cincinnati tidings that he was dead, he telegraphed the message in his own handwriting, "I am entirely convalescent, suffering only from physical weakness. Impress upon my friends the great depth of gratitude I feel for the unparalleled steadfastness with which they have adhered to me in my hour of trial."

Under such circumstances the Blaine delegation met in convention at Cincinnati on June 14, and waged their heroic battle for the country and for him. Into the midst of all their plans had broken the certainty that he was sick unto death, the uncertainty at any moment whether it might not be death, and the air continued to be thick with rumors and counter-rumors. Yet they rallied to his standard with a constancy that knew no second choice. (See illustration on following page.) **Mr. Robert G. Ingersoll formally introduced his name to the convention** with an eloquence whose timely truths were touched with living fire which set the whole vast audience aflame with heroic enthusiasm.

The foregoing is Gail Hamilton's narration of events. We will now take up

14. *The National Republican Convention.*

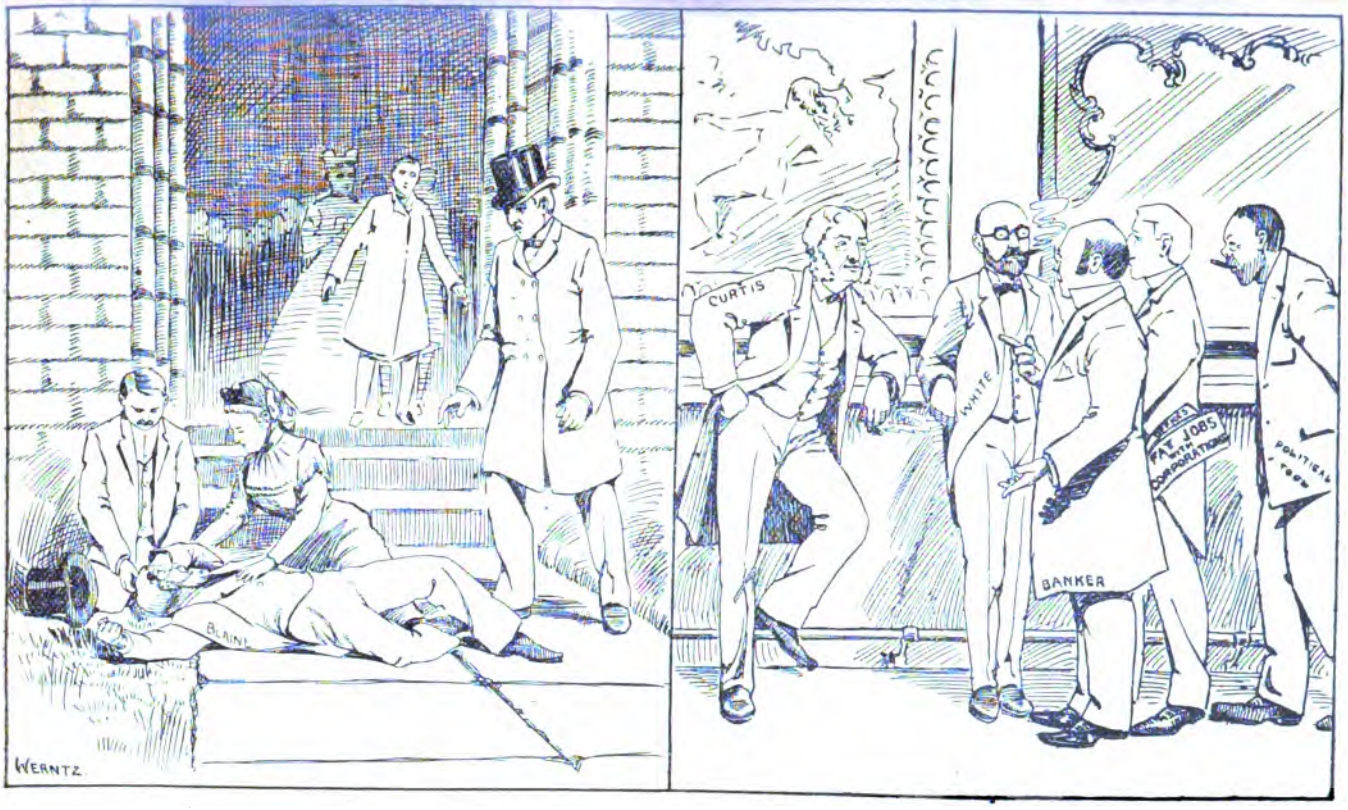
It met at Cincinnati on the 14th of June. Theodore M. Pomeroy, of New York, was chosen temporary chairman of the convention, and Edward McPherson, of Pennsylvania, permanent Chairman. The convention organized and a Committee on Resolutions was appointed. It brought in a platform

THE FINANCIAL PLANK

of which referred to the so-called Credit Strengthening Act, the measure first signed by President Grant, and demanded that "the promise be fulfilled by a continuous, steady progress to specie payments," **but the platform did not mention the restoration of silver,** THUS DECLARING FOR RESUMPTION OF SPECIE PAYMENTS ON THE GOLD STANDARD.

Of this platform Mr. Blaine, in his Twenty Years of Congress, written in 1885, says: "The report of the Committee on Resolutions was looked for with especial interest. The exigent political issue of the hour was the currency question. * * * **A long struggle took place in the Committee on these points** [points concerning the resumption of specie payments] and on cognate questions."

This platform, declaring for resumption of specie payments on the gold standard, was adopted by the convention.



THE RACE FOR THE REPUBLICAN PRESIDENTIAL NOMINATION—THE CONDITIONS UNDER WHICH THE BLAINE DELEGATION LABORED.

With the platform adopted the convention proceeded at once to name the

CANDIDATES

for President. The name of Senator Morton, of Indiana, was presented by Mr. Thompson, of the same State, and the name of Secretary of the Treasury Bristow, of Kentucky, was presented by Judge Harlan, of the same State. The name of Mr. Blaine, of Maine, was presented by Colonel Robert G. Ingersoll, of Illinois. His eloquence, combined with the subject-matter of his speech, produced an enthusiasm probably never before equaled in a nominating convention. Among other things he likened Mr. Blaine to **"an armed warrior, a plumed knight."** The name of Senator Conkling, of New York, was presented by Mr. Stewart L. Woodford, and Governor Hayes, of Ohio, by ex-Governor Noyes. The name of Marshall Jewell, of Connecticut, was also presented, as was General Hartranft's, of Pennsylvania.

THE BALLOTING.

On the first ballot, which took place the morning after the nominating speeches had been made, the vote stood: Blaine 285, Morton 124, Bristow 113, Conkling 99, Hayes 61, Hartranft 58, Jewell 11, Wheeler, of New York, 3. Hartranft's 58 was the solid vote of Pennsylvania; Conkling had all but one of New York's 70, and 30 additional votes from the South, the Administration being in his favor; Hayes had the solid 44 of Ohio and 17 additional votes; Morton's vote, apart from the 30 of Indiana, came wholly from the South; Bristow got Kentucky's 24, 17 from Massachusetts, 1 from New York, most of the other votes were from the South; he was Secretary of the Treasury and had patronage. Mr. Blaine, without patronage to bestow, had the almost solid vote of the Western and Central States, except Indiana and Ohio, which had "favorite sons." Mr. Blaine's vote represented the choice of the Republican voters, rather than the choice of the machines, and came principally from the States which were depended upon to elect the candidate.

Before **the second ballot** was taken the convention decided against the unit rule and thus allowed each delegate to vote as he should choose. The vote showed a gain of 11 for Blaine, 1 for Bristow, 3 for Hayes, and 5 for Hartranft, with a loss of 4 for Morton and 6 for Conkling, Jewell did not receive a vote. **The third and fourth ballots** proceeded without any material change.

At the end of **the 5th** vote Blaine had only gained one vote and the ardor for favorite sons was beginning to droop except for Hayes, whose vote on this ballot had mounted from 68 to 104. All the others had culminated and were on the decline. **The crisis was at hand.** On the next ballot (**the 6th**) Hayes rose to 113. Bristow had dropped to 11, Morton

was down to 85; Conkling to 81 and Hartranft to 50. 14 of the Pennsylvania delegates had gone over to Blaine, whose vote had mounted to 308. **It was now manifest that the only way to defeat Blaine was for the followers of Bristow, Conkling and Morton to withdraw their favorites and attempt a grand rally on Hayes.** (See illustration.)

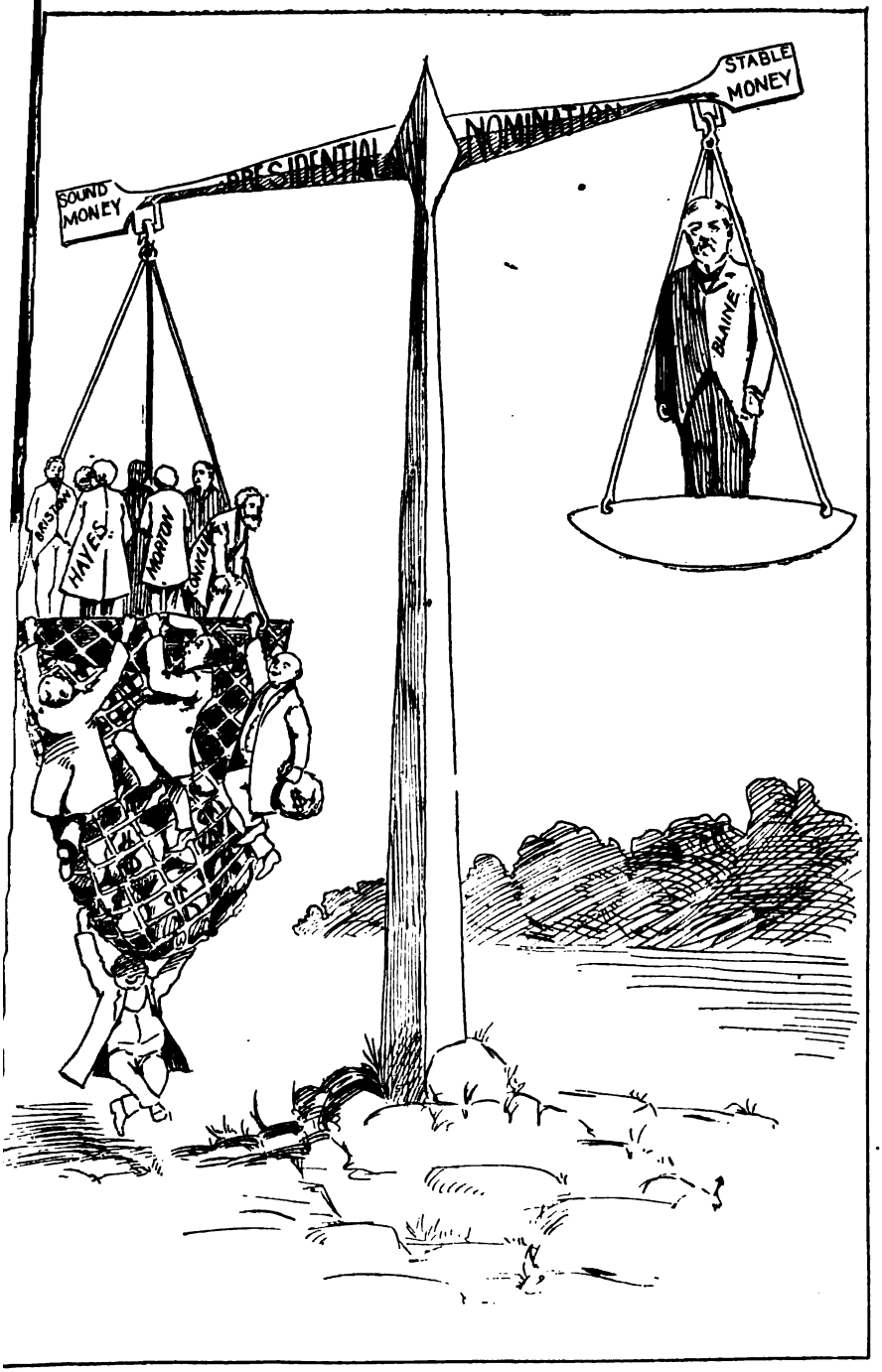
On the **7th ballot,** Arkansas led off by changing her 11 Morton votes to Blaine; Alabama increased her vote for Blaine, as also did Georgia from 9 to 14. The New York and Pennsylvania delegation withdrew for consultation; Illinois gave Blaine 3 additional votes; Indiana broke from Morton and gave Hayes 25 and 5 for Bristow. When Kentucky was called, **Bristow's name was withdrawn and the solid vote cast for Hayes.** Louisiana transferred most of its Morton votes to Blaine. Massachusetts voted solid for Hayes; Nevada the same; South Carolina the same. New York and Pennsylvania then returned. **New York cast 61 votes for Hayes and 9 for Blaine.** It began to look dubious for Blaine. **How would Pennsylvania go?** The Blaine leaders had claimed 44 of the 58, but when her vote was announced Hayes received 28 and Blaine 30. **The vote of this state** (Pennsylvania) **and of New York decided the contest in favor of Hayes,** A DISCIPLE OF JOHN SHERMAN IN FINANCE. (See opposite page.)

For Vice-President the selection was left to the New York delegation. **It was part of the reward they received for the 61 votes which they gave to Hayes.** It named William A. Wheeler, member of Congress.

RESUMÉ.

Thus did the moneyed interests secure the financial plank which they desired, and also the nomination of candidates known to be against the free coinage of silver. Mr. Blaine saw that the gold standard meant falling prices and he therefore stood for the reëstablishment of the bimetallic standard: he would not bow down to the moneyed interests though they should defeat him if he failed to do so. In the words of a letter written by Gail Hamilton, a member of Blaine's family during 1876 and who wrote it during the time the contest was "on:" "Why I am not on the whole confident [that Mr. Blaine will be nominated] is that there are so many ways by which the will of the people is defeated. Those who know 'the ropes' can 'pull the wires' and get the machinery into their hands. Mr. Blaine knows 'the machine' as well as anyone. but *the trouble with him is that there are so many things he will not do,* **and one of them is to truck and dicker.** Whatever can be got by organizing forces, by foresight and combination and sagacity, he will do. He does not affect to be indifferent. He will do anything that an honorable man should; but there he stops."[1]

[1] Letter of Gail Hamilton written in 1876, and published in her Biography of James G. Blaine, p. 387.



THE BALLOTING: THE COMBINED "SOUND MONEY" FORCES DEFEAT BLAINE.

The territorial distribution of the vote shows that the moneyed interests had the principal portion of their strength in the East. It was, generally speaking, **the East against the West.**[1]

It was generally admitted that the attacks on Mr. Blaine through the Investigating Committees and the Gold Standard Press had, when combined with his serious illness brought on by these attacks, swung the nomination away from him. It was generally known, too, that **the persecution of Mr. Blaine was inaugurated and conducted by the members of his own party.** In the words of a Chicago Inter-Ocean Editorial the morning after Hayes was nominated: "The semi-Republicans of the Schurz-Curtis order * * * and their associates, organized the Bristow movement. * * * They urged Bristow on the ground

[1] TERRITORIAL DISTRIBUTION OF VOTE: FIRST BALLOT.

Blaine,

In the West,

Solid delegations from
Oregon,
Colorado,
Kansas,
Nebraska,
Iowa,
Minnesota,
Dakota,
Wisconsin.
California 9 out of 12,
Illinois 38 out of 42,
Michigan 8 out of 22,
W. Virginia 8 out of 10,
Ohio and Indiana had "favorite sons."

In the East,

Solid delegation from
Maine,
New Hampshire 7 out of 10,
Vermont 1 out of 10,
Massachusetts 6 out of 23,
Maryland solid 16.

In the South,

Virginia 16 out of 22,
N. Carolina 9 out of 19,
S. Carolina none.
Georgia 5 out of 22,
Florida 1 out of 8,
Alabama 10 out of 19,
Mississippi none.
Louisiana 14 out of 16,
Texas 2 out of 16,
Arkansas none.
Missouri 14 out of 29,
Tennessee 4 out of 14,
Kentucky none.
Total. 285,
Necessary to elect, 379.

Bristow 114, of which Kentucky gave 24, Massachusetts 17 of her 26, New York 1. Most of the other votes were from the South.

Conkling received 99, of which New York gave 69 out of her 70, Georgia 8, Florida 3, N. Carolina 7, Tennessee 3, Virginia 3.

Morton of Indiana 111, of which 30 came from Indiana, 14 from Louisiana, 12 from Arkansas, Mississippi 12, Missouri 12, S. Carolina 13, Texas 5, Virginia 3.

Hayes received 64, of which Ohio gave 44, New Jersey 5, Michigan 4.

Hartranft 63, of which 58 were Pennsylvania's solid vote.

Summary of Balloting.

NAMES.	1	2	3	4	5	6	7
Blaine	285	298	293	292	286	304	351
Bristow	113	114	121	126	114	111	21
Conkling	99	93	90	84	82	81	....
Hartranft	58	62	69	71	69	50	....
Hayes	61	64	67	68	104	113	384
Jewell	11	....	....	....	....	....	....
Morton	124	111	113	108	95	85	....
Washburne	....	1	1	3	3	4	....
Wheeler	3	3	2	2	3	2	....

that Blaine was not pure enough to entitle him to their support. (See p. 319 above.) **The Bristow campaign was a series of foul blows to Mr. Blaine."** Schurz was rewarded by a seat in the Cabinet by Hayes.

As to Blaine's Defense this Editorial said: "Blaine under fire became a lion, trampling his defamers under foot and scattering their infamous slander to the four winds. Filled with indignation at the proportions and scope of the conspiracy as it unrolled itself to view from day to day, he boldly challenged scrutiny into his most secret history, exposed the duplicity and treachery of the methods of his persecutors and changing places with his accusers, arraigned them before the country as partisans guilty of gross injustice, and convicted them of the moral crime of suppressing important testimony in violation of their solemn oaths as Representatives, and of their honor as men."

15. *The Contests Within the Democratic Party.*

In 1868 the Democratic party had declared for government paper money in preference to paper money issued by individuals through their banks; that the exception clause in the legal-tender act should be repealed, and that all obligations against the government payable in lawful money should be paid according to contract and not paid in coin.

In 1872 the Democratic party ratified the nominations and platform of the Liberal Republican Convention.

In 1874-75 the Democratic party, *in the State of New York*, in its convention, adopted resolutions relating to the subject of finance, **declaring for** BANK **paper money and also for** FALLING PRICES UNTIL THE GOLD BASIS SHOULD BE REACHED.

The Democracy of New York State.

In 1876 a portion of the Democratic party in the State of New York held an early convention to try and induce the party to declare *against* the resumption of specie payments. It met at Syracuse on the 15th of March. After stating the facts set forth in this section it declared that "The men who secured the adoption of said offensive resolutions [in the New York State Conventions of 1874-5] *are the men who contributed by voice, money and personal influence* to defeat **the Democratic party in those States where the currency question was uppermost in their canvas;** and the men who now desire to lead the Democratic party in this State *are associated with and controlled* **by its great money and corporate interests** and having no sympathy in common with the people, are unfit to be trusted with the protection of their welfare.

"Therefore, in view of this condition of affairs, the duty of perfecting an organization of the Democratic party in the Southern and Western States *where it is not controlled by money*, **as it has heretofore been in**

this State, must be apparent to all honest men." And the resolution went on to ask that delegates be appointed to meet in a National Democratic Convention, June 27th.

Another wing of the New York State Democracy held a convention and **it was captured by the moneyed interests** (see opposite page), and a resolution passed declaring "that the Democratic party in New York renew their pledge of fidelity to the principles set forth in their platform adopted in State convention in 1874 and 1875, thrice approved at the ballot boxes of the Empire State, well vindicated in the illustrious administration of Governor Samuel J. Tilden, and commended anew to their faith and their adoption by the endorsement of an increasing majority of fellow Democrats of sister States throughout the Union."

The delegates selected were instructed to enter the convention "as a unit and act and vote as a unit in accordance with the will of a majority of the members thereof. And, in case any of its members shall be appointed a delegate thereof by another organization, and should not forthwith, in writing, decline such appointment, his seat shall be regarded as vacated and the delegates shall proceed to fill the same."

The convention presented as a candidate for the Presidency the Governor of the State, **Samuel J. Tilden.**

A second "Greenback" State Convention was held in New York city on the first of June.

Second Greenback Convention in York State.

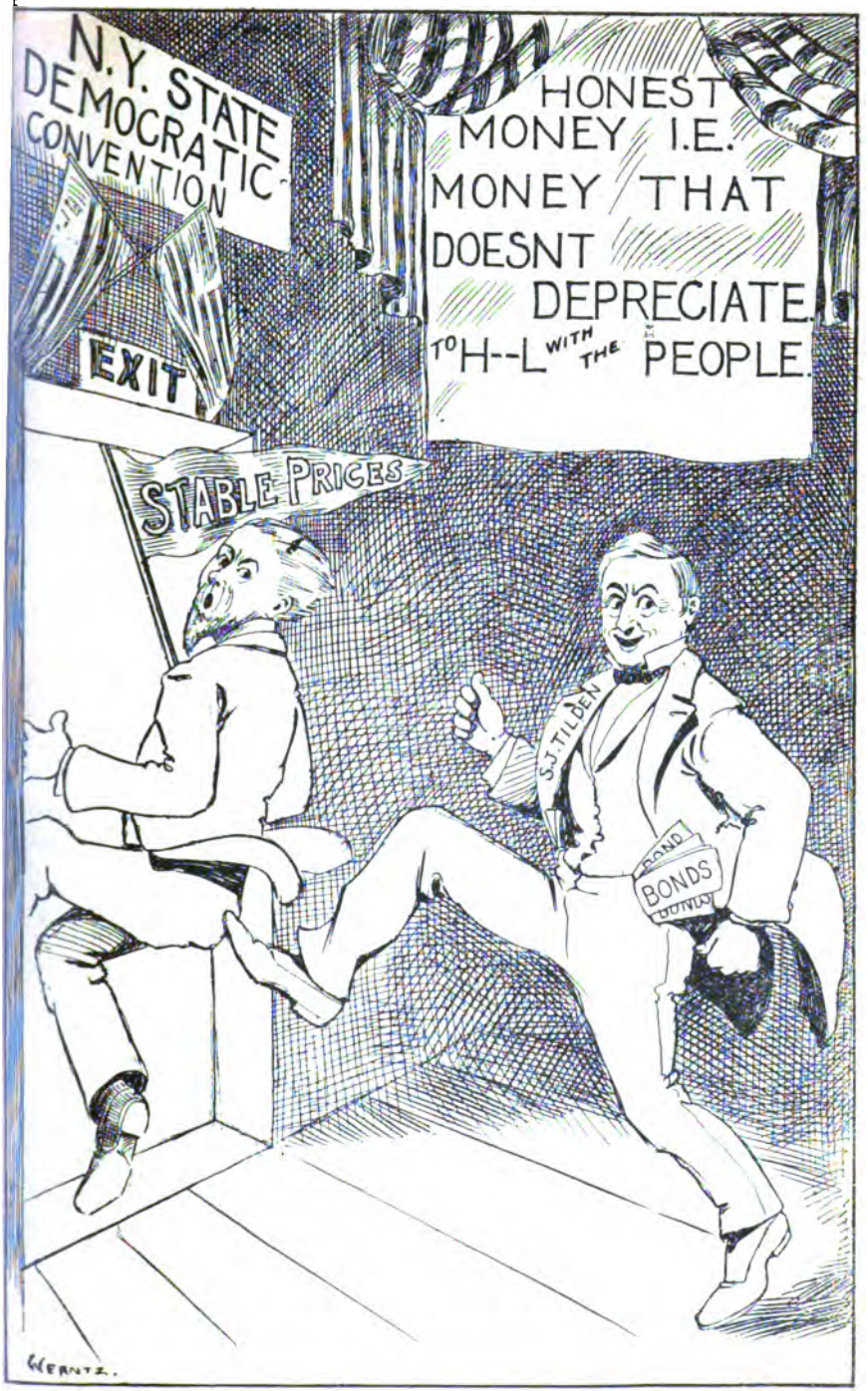
There were representatives present from 52 of the 60 counties. Delegates were selected to the National Democratic Convention and it was claimed they should be admitted as the only authorized representatives of the Democracy of the State, **and the only organization not controlled by money.** It declared that there should be no forced inflation or contraction, and that there should be a faithful compliance with the Nation's just obligations.[1]

The Democratic National Convention.

It assembled at St. Louis, June 27th. It organized and the Committee on Resolutions which was appointed, reported a platform denouncing the failure to resume specie payments during "all these eleven years of peace." *It did not ask that silver be restored as a money metal* **and thereby it advocated a resumption of specie payments on the appreciating gold standard.**

Governor Tilden of New York City was nominated for President on the first ballot.

[1] Appleton's Annual for 1876, title, New York.



THE CONTEST WITHIN THE DEMOCRATIC PARTY—THE NEW YORK STATE CONVENTION.

Thus was the remonetization of silver

SIDE-TRACKED BY BOTH THE GREAT POLITICAL PARTIES.

The moneyed interests controlled both conventions and in the Republican convention defeated the nomination of James G. Blaine.

In opposition to the policy of the Democratic and Republican parties to continue the demonetization of silver, there had assembled at Cleveland, Ohio, on May 17th, a convention under the name of The Prohibition Reform Party. On the Money Question it declared for

16. ***Stable Money.***

It said: "The National Government only, should exercise the high prerogative of issuing paper-money, and that should be subject to prompt redemption, on demand, in gold *and silver*, the only equal standards of value recognized by the civilized world."

The same day (May 17) there assembled at Indianapolis, Indiana, a convention of Independents, commonly termed

17. ***The National Greenback Convention.***

It declared that "the Independent party is called into existence by the necessities of the people whose industries are prostrated, whose labor is deprived of its just reward, as the result of the serious mismanagement of the national finances, which errors both the Republican and Democratic parties neglect to correct. * * * We demand the immediate and unconditional repeal of the specie resumption act of January 14, 1875, and the rescue of our industries from the ruin and disaster resulting from its enforcement; and we call upon all patriotic men to organize in every congressional district in the country, with the view of electing representatives to Congress who will carry out the wishes of the people in this regard and **stop the present suicidal and destructive policy of contraction.** * * *

"We insist, in the language of Thomas Jefferson, that 'Bank paper must be suppressed and the circulation restored to the nation to whom it belongs. * * *

"We most earnestly protest against any further issue of gold bonds for sale in foreign markets by which we would be made for a long period, hewers of wood and drawers of water to foreigners."

18. ***Another Bimetallic Bill in the House.***

Shortly after the conventions were held and the silver question Side-Tracked by the Republican and Democratic parties **two bills were**

introduced in the House (July 18 and 25) **for the unlimited coinage of silver the same as of gold.** And August 15th a joint resolution of Congress was passed creating a Commission to take evidence concerning the money question and "the best means for providing for facilitating the resumption of specie payments."

19. *Spain Demonetizes Silver.*

August 20th of this year (1876) **Spain passed a law closing her mints to the unlimited coinage of silver.**[1]

December 13th, the Kelley bill for the reinstatement of silver was **passed in the House by a vote of 157 to 63. It, however,** RECEIVED NO ATTENTION FROM THE SENATE DURING THIS SESSION.

20. *Report of U. S. Monetary Commission.*

March 2, 1877, the Monetary Commission made its report, five of its members setting forth fully and truthfully the Historical Facts as to the effect of the bimetallic laws which were in force previous to 1873, **and advocating a return to the bimetallic standard at 16 to 1, without regard to the action of other countries.**

Professor Bowen of Massachusetts handed in a **minority report** concurred in by Congressman Gibson. It stated that every attempt made previous to 1873 to establish the double standard (the bimetallic standard) "*has been a total failure*;" (this half-truth is also set forth at page 245, above). This minority report also made **the further untruthful statements** that silver, as measured in commodities, *had depreciated and that gold had cheapened since 1862, with a likelihood that it would continue to cheapen.*

Another minority report was handed in by Senator Boutwell. He was Secretary of the Treasury from March, 1869, to March, 1873, during which time he furnished to John Sherman the bill which surreptitiously demonetized silver. Previous to 1869 he had been a State Bank Commissioner in Massachusetts. In his Report, he in effect uttered **the same sophisms as did Prof. Bowen,** and concluded by saying that a "successful use of gold and silver *simultaneously in any country* can be effected only by their consolidation upon an agreed ratio of value, or by the concurrence of the commercial nations of the world." He therefore advocated that the United States should postpone the unrestricted coinage of silver "until the effort to secure the co-operation of other nations has been faithfully tried."

Two days after the Commission made its report, Governor Hayes be-

[1] Facts about Money, p. 11.

came President of the United States, and in his Inaugural Address said:

21. *President Hayes' Inaugural Address.*

"The depression [owing to the falling prices of commodities; Editor] in all our commercial and manufacturing interests throughout the country which began in September, 1873, still continues." He advocated "an early resumption of specie payments," *but did not ask that silver be reinstated as part of the basis upon which the resumption should be made.*

The President selected as his Secretary of the Treasury, John Sherman, Chairman of the Senate Committee, and the man who engineered the bill which had surreptitiously demonetized silver. Thus was

21½ *The Demonetizer of Silver Coins the Secretary of the Treasury.*

Carl Schurz as a representative of the class who had fought Blaine, was also given a seat in the Cabinet. His position was Secretary of the Interior.

With this combination at the head of the Republic well might the Goddess of Liberty have wept, for she must have known that Falling Prices with their direful results *were sure to be continued.*

In his Inaugural Address, President Hayes mentioned, as we have said, that "The depression in all our commercial and manufacturing interests throughout the country which began in 1873, still continues." It was in September of '73 that there began **the commercial panic with its rapid fall of general prices.** Falling prices continued through the ensuing years. In 1874 they fell 4½ points; 1875, 5½ points; 1876, 9 points; 1877, 8 points; **and during all this time people knew that prices were to fall in the future in order to get down to a specie basis.** The effect is thus set forth in contemporary history:

22. *Effect of Falling Prices: 1873 to 1877.*

a. GENERAL STATEMENT.

In 1876, Appleton's Annual Cyclopædia under "Finances of the United States," said: "There was not only lack of any improvement, but *the effects of the general stagnation began to manifest themselves in quarters least anticipated.* Wherever there was a large indebtedness requiring the payment of heavy installments of interest which were to be derived from income earned, **embarrassment or insolvency ensued."**

For the next year (**1877**) the facts were thus chronicled: "The same depression which existed in the financial affairs of the country for the previous three years *continued with increasing effect through 1877.* In

some departments a temporary and limited improvement appeared, but without any extensive or permanent influence."[1]

From this statement we will proceed to set forth more specifically the general principles:

The Effect of Falling Prices is, first, *to increase the quantity of commodities required to pay interest and other indebtedness;* a second effect is that Prices Fixed by Law and by Custom *do not fall with other prices,* and a third important effect is

b. AS TO EMPLOYERS AND WAGE-EARNERS.

(1.) GENERAL STATEMENT.

The employer's motive in investing capital in production and employing hands is *to receive a profit,* but he knows that with each fall in general prices his product is sold at *a lowered price,* while his raw material was purchased *in a higher market,* and his charges, such as interest money, *remains stationary,* as do also the prices fixed by law, his rents, taxes, and many other charges. **The result is that with an outlook for falling prices he does not engage in production unless he already has a business on his hands and cannot sell out at what he considers a fair figure. Whoever continues the business does so as far as possible by working on orders,** if he is a manufacturer, while if he is a dealer **he keeps on hand the smallest possible stock of goods; the result is that** IN MANUFACTORIES, HANDS ARE THROWN OUT OF EMPLOYMENT, AND THE SAME IS TRUE IN OTHER LINES OF BUSINESS. With the wages of these hands *stopped,* there is a still further lessened demand for commodities AND MORE HANDS ARE THROWN OUT OF EMPLOYMENT. This increasing number out of employment **continues so long as falling prices continue;** figures showing this are set forth at page 81, above.

As to the hands whose employment is continued, the employer offers a lessened wage *which they accept* (after a strike possibly); **and the wage offered is low enough to offset the expenses which have not fallen, and give the employer a prospect of a small profit, at least.** THUS ARE WAGES REDUCED MORE THAN PROPORTIONATE TO THE FALL IN GENERAL PRICES, AND BESIDES, THE NUMBER OUT OF EMPLOYMENT INCREASES IN PROPORTION TO THE LENGTH OF TIME THE FALLING PRICES CONTINUE. Chart showing this to have been the case from 1873 to 1879 is set forth above, page 82. The awful condition of the wage-earners in the United States in 1877 is set forth in Appleton's Annual Cyclopædia:

[1] Appleton's Annual Cyclopædia for 1877, p. 285.

(2.) THE AWFUL CONDITION OF WAGE-EARNERS IN 1877.

Among the railway employés "the argument that many of the roads could not afford to pay the former wages, or any wages at all, and pay at the same time the usual interest on their debts and capital, *only aroused the greater indignation of the strikers.* * * *

"The railroad workmen were not all of them driven into the strike from *actual* want, *although all of them had been obliged during the successive reductions in wages which have recently been made, to give up many comforts and luxuries to which they had been accustomed.*" "The strike took place in resistance of a **further reduction of 10 per cent** of their wages."

"Actual suffering was felt far more generally and pressingly among other classes of laborers who struck—notably among the workers in the coal industry—and among some who did not strike than among the railroaders. The picture of the condition of the miners given in the following expression of one of the leading strikers *is no doubt literally true.* '**We have for a year done men's work on two meals of mush per day, and a bit of dry bread for our dinners, and we have learned to endure a great deal.** We will eat the grass in the field before we will go to work again for less than we demand.' **Some of the miners could not earn above $10 a month—few of them over $25.** * * * The coal-heavers who struck at Bergen Point, in New Jersey, **were not able to earn over 60 or 70 cents a day.** These men, mostly Irish, preserved a quiet and peaceable temper. It was a noteworthy symptom of these strikes that, when they were ready to return to work at the old wages, they were shamed out of it by **the pleadings and taunts of their wives.** A set of new men were brought to New York to take their places, but left before evening, finding that they were earning **at the rate of not more than 25 to 60 cents a day.** The stone-quarrymen, who got out stone for the New York pavements, in New Jersey, complained of the prices at which they were obliged to sell to the contractors, the quarriers of Weehawken declaring that **they could not make but 50 cents per diem.**

"**A representative case of low wages in factories** was that of the silk mills in Newark, Paterson, and New York. In the Newark Mills the men spinners were paid **$1 a day.** Some of these men have worked at their trade for 20 years, and have wives and children to support. **Small boys were paid from $1.10 to $2.10 per week. The wages of the girls ranged from $3 to $3.50 a week.** The highest wages paid was $9 a week to the dyers. **From these wages a reduction was made of 15 per cent.** In a New York factory, the wages of the weavers were reduced from 9 to 6 cents a yard, making **a reduction in the girls' average pay**

of from $4.50 to $3 per week, WHILE FORMERLY THEY WERE ABLE TO AVERAGE $8 A WEEK."[1]

Such was the condition of wage-earners in 1877. With such condition prevailing, there was sure to occur an outbreak against the existing order of things.

The Labor Outbreaks of 1877.

On July 14th a strike on the Baltimore & Ohio commenced. On the 16th the firemen of all the freight trains at Martinsburg, W. Va., struck work and drove off the men sent to replace them, defying the police of the town. The next day **the strikers exchanged shots with the soldiers,** frightening off the volunteering fireman and engineer. A train had been thrown off the track at South Baltimore in the night. The road was effectually blockaded at Martinsburg. By evening the whole road was in the hands of the strikers. The Governor, perceiving the insufficiency of the slender military force, **requested the aid of the General Government and a detachment of two or three hundred United States troops started for the scene of the disturbances on the 18th. * * * The proclamation by President Hayes was posted and distributed along the line.** * * * On the 20th an *emeute* occurred in the streets of Baltimore on the occasion of the Sixth Regiment of militia being ordered by Gov. Carroll to Cumberland. * * * When the soldiers marched out they were stoned by the mob and after a little commenced to shoot into the crowd though without orders, keeping up a continuous irregular fusillade all the way to the station. Nine of the rioters were killed and 20 or 30 were wounded, including several soldiers. [See illustration on next page.] * * * The railroad station was set on fire. When the Fifth Regiment marched to the depot it was assaulted but no shots were fired.

"The same day [the 20th] all freight traffic was arrested on the Pennsylvania Railroad. The strikers at Pittsburg defied the civil authorities and the militia of Philadelphia were ordered to the spot. * * * Trains were blockaded at Newark, Ohio, on the Baltimore & Ohio, and the State troops were ordered out by Governor Young. * * *

"On the 21st the 6th Division of the Pennsylvania State Guard arrived in Pittsburg. At 5 o'clock p. m. they attempted to clear a street and **replied to the missiles of the populace by several volleys of musketry.** That aroused the fiercest passions of the mob who soon returned to the attack provided with firearms and three pieces of ordnance belonging to a local association. They had broken into a gunshop and warehouse of firearms to obtain weapons. **They repeatedly assailed the round-house in which the military had taken their position, but were**

[1] Appleton's Annual Cyclopædia for 1877, p. 427; a gold standard publication.

THE GREAT STRIKE—THE SIXTH MARYLAND REGIMENT FIGHTING ITS WAY THROUGH BALTIMORE

driven back with musket-shots. They planted and loaded a field gun near the walls of the round-house and numbers were shot down while attempting to fire it. The rioters assaulted the building repeatedly and firing was kept up by both sides. Finding themselves unable to dislodge the soldiers by assault, **the rioters determined to set fire to the round-house and roast them out.** Oil cars from the neighboring tracks were first set on fire but the flames did not reach the building. An incendiary rage seized the crowd and torches were applied to the freight cars indiscriminately; and **when the firemen appeared they were forbidden to extinguish the burning railroad property,** although the rioters themselves assisted in putting out other burning property. The flames not yet penetrating to the round-house, a car laden with coke was saturated with petroleum, set on fire, and pushed down the track against the building. Other ignited cars were sent down toward the round-house. At 5 a. m., when the crowd had for a short time withdrawn from the vicinity of the round-house, the militia emerged from the building and forming in line marched rapidly toward the United States arsenal. On their way thither they were overtaken by a thousand or more armed rioters. The commandant refused to admit them into the arsenal, receiving only the wounded. The **military then retreated across the Alleghany River under the fire of the pursuing rioters and there disbanded.**

"In the meantime a vast crowd remained congregated around the railroad buildings, setting fire to buildings and trains that had not yet caught."

This narrative then sets forth the plundering of the freight cars. "**The mania for robbery seems to have possessed people of ordinarily decent behavior.** * * *

"On Sunday evening when the mob began to break into private buildings and sack liquor-stores and cigar-shops, the citizens and police then began to take vigorous steps to arrest the disorder. During the whole day, however, the incendiarism was continued. * * * The number of freight cars burned was about 2,000. The direct loss of railroad property was estimated at $8,000,000 to $10,000,000." In New York there were extensive strikes on the railroads and troops were ordered out. A proclamation in vigorous terms was issued by Governor Robinson.

"**Strikes were now breaking out all over the country.** Strikers forbade trains to be moved at Philadelphia. * * * Meetings were held by laborers' associations in all the cities. On Monday the 23d, there was a disturbance at Buffalo." Railroad strikes almost without number are then enumerated and the history from which we are quoting continues:

"**In the West, strikes commenced to break out in the various**

FIGHT BETWEEN THE MILITIA AND RIOTERS AT HALSTED STREET MARKET, CHICAGO. [Harper's Weekly, July 16, 1877.]

trades entirely disconnected with transportation at many points; and in many towns lawless bands of men drove willing workers away from their labor." A list of strikes in the iron mills is then recorded and further strikes on the railroads; saying: "In the West the shorter roads were nearly all closed by strikers, while **all the trunk lines were completely blockaded, and there was no railroad communication with the East.** Passenger as well as freight trains were stopped on many of the Western routes, and nearly all the railroad shops were closed, the mechanics striking or being forced to quit. **At St. Louis, Indianapolis and Chicago there was a complete embargo on all the roads.** The strikers preserved a determined attitude everywhere. It is estimated that 100,000 men were on strike. Further collisions between the strikers and the militia took place at Buffalo and at Reading, Pa., where **13 of the rioters were killed and 43 wounded.** Along the Eastern roads * * * many of the soldiers sympathized with the strikers; **although the troops had been dispatched from distant points in order that no feeling of personal or neighborly sympathy should come into play.** * * *

"In the West, many towns were threatened by bold and lawless mobs made up of the idle and dangerous classes. **In many cities scenes of anarchy and intimidation occurred. Citizens gradually rallied in these cities, enrolling themselves into vigilance committees.** * * * At Zanesville, Columbus and other towns, the unruly spirits were quelled by the citizens' guard. At Ft. Wayne the strikers took control of the city but protected all property. But the same kind of disturbances which were being quelled in these places kept breaking out at other points, while **in Chicago, St. Louis, Toledo, Louisville and the larger Western cities, repeated scenes of anarchy and terrorism took place.** On the 26th a fierce encounter took place in Chicago. * * * A squad of three hundred police made a determined charge on a crowd thousands in number and broke them up and when they rallied again made another fierce charge, reinforced by a company of cavalry; **19 were killed or fatally injured, and many wounded in the onslaught. Several other skirmishes took place during the day, the police being supported by some United States troops and vigilants.** (See illustration on opposite page.) * * *

"In St. Louis the same practice of closing workshops was proceeding and the same spirit of riot was rife. Business in the city was at a standstill. * * * **While mob-law was thus prevailing throughout the central portion of the country, there was outrageous doings in San Francisco also.** * * * A bloody encounter between rioters and the vigilants took place on the 26th.

"A large mass-meeting of workingmen and socialists took place in Tompkins' square in New York on the 26th in the evening. The con-

course was large—some 8,000 or 10,000 workingmen—and several spirited speeches were made. * * * The following evening a similar meeting was held in the Cooper Union Hall."

By the 30th of July and during the first three days of August, the strikes were discontinued and THE REBELLION WAS AT AN END.

"A sequel to the story of the railroad strikes is that of **the riots of striking and discharged miners in the coal regions.**" Their wages and the misery to which they had been reduced are partially stated above. Further accounts are as follows:

The Condition of the Coal Miners.

"Many intelligent miners declared that **their families had scarcely tasted meat for a year or more and that boiled Indian meal was the only kind of food familiar to them.**"

"By the end of July all the miners in the Scranton region, estimated at 40,000 in number, were out, while strikes were taking place in other parts of the coal country. Bread riots were feared at different points owing to the stoppage of work in the mines, and the failures of food supplies caused by the arrest of railroad transportation." Our history here enumerates a list of **riots and encounters with troops, and the loss of life.**

The strike "extended into the mining sections of Maryland and Illinois. Many outside persons helped to provide the miners' families with the necessaries of life. **The people generally were on the side of the strikers.** Farmers and tradesmen contributed to their support. Whole plantings of potatoes were abandoned to their use and labor in the field was provided for many of them. * * *

"Many of the rioters and chief strikers were taken into custody by the police and militia. **Most of the prisoners were speedily discharged or sentenced to a few days imprisonment.**"

"The elements in this labor outbreak were:

The Labor Outbreak of 1877 Analyzed.

"1. The Railroad Strikers.

"2. The Miners, Factory-Hands, and Other Laborers in different parts of the country, **whose wages were oppressively low, whom a breath could have excited in their desperate or uncomfortable circumstances, and who thought they read in the popular sentiments excited by the railroad strike a disposition to befriend and enforce the cause of their suffering families.**

"3. The Trade-Unionists, who, like the next following class, **rejoiced in another instance of the power of labor-combination,** and who expressed on every hand **the liveliest sympathy and well-wishes**

for the railroad unions, and predicted in their success the advantage and strengthening of all their organizations.

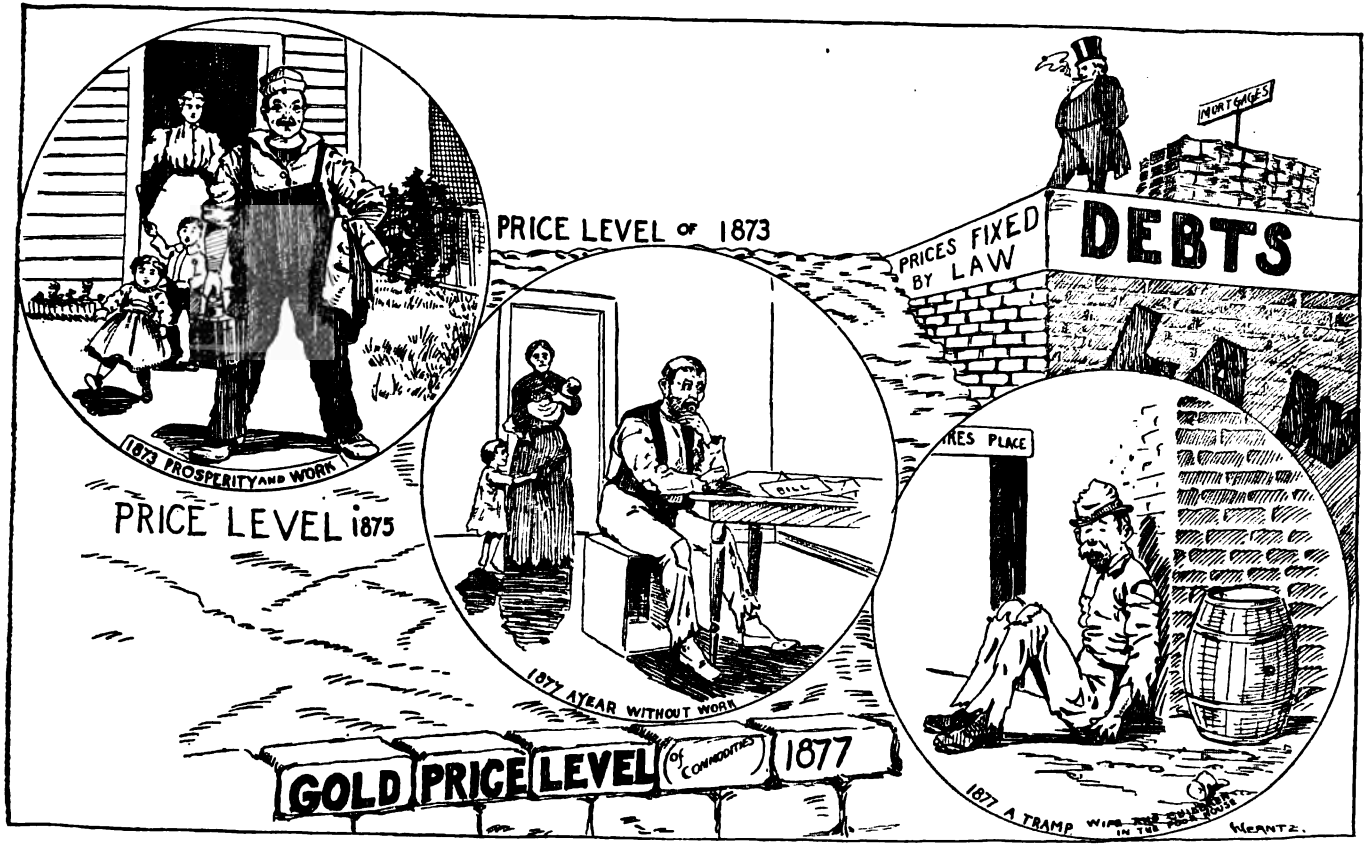
"4. The Communistic element, which could hope for no immediate benefit from the strike, **unless it should lead to a general social revolution and disruption of property tenures.**

"5. The 'Tramps,' being, for the most part, mechanics of more or less idle and irregular habits, **who had been for years** DEPRIVED **of employment in their regular trades, owing to the general contraction of the productive industries** and the improvement of labor-saving machinery. [This latter statement needs correction, for if there had been confidence in stable prices, employment would have opened in the various industries]. [See illustration, page 360].

"6. The dangerous classes—the unproductive, the untaught, and unprincipled multitude which congregates in all the larger towns, thousands in number, from which come most of the thieves and paupers.

"The latter element, which is always ready to inflame and take part in a riot, partly from the hope of booty and partly from motives of envious destructiveness and misanthropy, was most conspicuous during the Sunday of robbery and arson in Pittsburg, but was out in force also in the street riots in Chicago and St. Louis. The 'tramp' class and **the unemployed were over-ready to take part in the closing of the shops and the chasing of willing mechanics from their work.** That portion of the demonstrations may be supposed to have been conceived and carried out by this class. Both of the latter elements thought **they sympathized in, if they did not understand, the motives of the third class, the 'communists.'** There were many Voluntary Strikes, especially among the Western factory hands, where no particular complaint could be alleged, **except the universal inferior condition of the laboring man. Men threw down their tools under the excitement of the hour, to talk about the wrongs of their class. Meetings and knots of men gathered in all the large towns and industrial sections, to listen to harangues upon** THE OPPRESSION OF CAPITAL, AND SOCIAL REVOLUTION, AND THE LABOR REPUBLIC, **and to pass resolutions** CALLING UPON GOVERNMENT TO CURB CAPITAL OR ORGANIZE LABOR. **The 'communistic' element** in the disturbances consisted of foreign workmen indoctrinated with the idea of the German and French socialists and their fellow-enthusiasts and followers. THE MOST REMARKABLE DEVELOPMENT OF THIS DISTURBED PERIOD WAS THE UNEXPECTED EXTENT TO WHICH THESE SOCIAL-POLITICAL TEACHINGS HAVE SPREAD IN THIS COUNTRY."[1]

[1] Appleton's Annual, 1877, p. 427.



FALLING PRICES AS A TRAMP MANUFACTORY

1877: "The Tramp being, for the most part, mechanics of more or less accomplishments, who had been for years *deprived of employ-*

c. RESUMÉ CONCERNING THE EFFECT OF FALLING PRICES.

The foregoing is a graphic picture of how falling prices result in stagnation in production and the cessation of employment to large quantities of citizens, besides greatly reduced wages to those who are fortunate enough to receive employment. **The result of these conditions is** REBELLION, THE EXTENT OF WHICH DEPENDS LARGELY UPON THE TRAINING OF THE PEOPLE AND THEIR INTELLIGENCE. **At this time the people in general did not perceive that the underlying cause of their misery were the falls in general prices**—the constantly increasing exchange value of money which had been taking place for years. *In 1876 the money question had been shut out of the national campaign by the moneyed interests.* The effects of falling prices, however, were so well understood by the more intelligent classes of people that *the demand for the re-establishment of bimetallism was such that, when the House of Representatives met on the 15th of October, they 21 days later passed a bimetallic law* **by suspending the rules and passing it without debate.** BUT IN THE SENATE THEY PLAYED THE "SOAP" TRICK ON THE PEOPLE BY PRETENDING TO GIVE THEM EFFECTIVE SILVER LEGISLATION WHEN IN FACT IT CONTINUED THE BUSINESS OF THE COUNTRY ON THE APPRECIATING GOLD STANDARD. THIS THE HOUSE AGREED TO.

We will show to you in detail how this thing was brought about:

23. *The Autumn of 1877: The Existing Political Conditions.*

We have shown to you how the moneyed interests conquered in 1876 through controlling the conventions of both the Republican and Democratic parties; both Hayes and Tilden were gold standard advocates. Hayes was finally declared elected and he appointed as his Secretary of the Treasury, John Sherman, the man who engineered the surreptitious demonetization of silver.

Thus were the moneyed interests in full control of the Executive Department of the United States Government. We will now show you how they stood in the Legislative Department:

October 15th Congress assembled and

In the House

21 days later Mr. Bland, of Missouri, moved **to suspend the rules and pass the free coinage bill** which the House at the previous session of Congress had passed and of which the Senate had taken no notice. THE VOTE STOOD YEAS 163, NAYS 34; thus more than the necessary two-thirds vote was secured. The next day the bill was received in the Senate.

In the Senate

the free coinage bill was referred at once to the Committee on Finance. Two weeks later (November 2) **it was reported back in a form corresponding to the views entertained by Secretary of the Treasury John Sherman and the President.**

This was the condition of affairs when the Secretary of the Treasury made his annual report about December 1. He knew, to use his own words; that **"the desire for remonetization of silver was almost universal;"** [1] that is to say, **the desire to stop falling prices was almost universal.** [See p. 380.] He recommended that silver dollars be coined.

24. *Secretary of the Treasury Sherman Recommends the Coinage of Partly-Standard Silver.*

He said that silver should be coined in such a way as to **maintain the concurrent circulation of gold and silver;** that this could be done only by *limiting the amount coined,* and the government's *redeeming it at par with* **gold coins.**[2] In his book published in 1895 he says (page 614) that silver "from its weight and bulk was not a convenient medium in the larger exchanges of commerce." You will observe that he omits to mention the fact that gold also had been found too heavy, and to obviate this difficulty gold certificates were in use.

In short, his recommendation contained the usual sophisms, namely, a misstatement of the effect of the bimetallic laws which existed previous to 1873 and the statement that silver coins were too heavy to be convenient.

President Hayes in his Message to Congress reiterated the same sophisms.

25. *The President's Attitude.*

He recognized that the people were bound to have legislation on the silver question, for his message contained these words: "In adapting the *new silver coinage* to the ordinary uses of currency." Here is a recognition that there must be some silver legislation. He then said

[1] Evidence of this is as follows: Some years after 1878, Mr. Sherman appeared before a Senate Committee. In speaking of the Allison law he said: "In the first place, the silver bill satisfied a strong public demand for bimetallic money, and that demand is no doubt largely sectional. No doubt there is a difference of opinion between the West and the South and the East on the subject, **but the desire for the remonetization of silver was almost universal.** In a government like ours it is always good to obey the popular currents, and that has been done, I think, by the passage of the silver bill." (Quoted by Mr. Crisp on the floor of the House. February 14, 1896.)

[2] Secretary of the Treasury's Report for 1877; also John Sherman's Autobiography, p. 616.

that the silver legislation should be such "as to accomplish the desired end of maintaining **the circulation of the two metallic currencies** [concurrent circulation]. * * * It is," he further said, "a mixed question for scientific reasoning and historical experience to determine how far and by what methods a practical equilibrium can be maintained which will keep **both metals in circulation in their appropriate spheres of common use.**" To accomplish this he suggested that a limitation "of the amount for which silver coinage is to be a legal tender," and "a near approach of commercial value are essential to maintaining both in circulation."

In the Senate the bill as amended agreed with this recommendation, except that the market price of the silver bullion in each dollar was only 90 cents in gold instead of "a near approach" to the market price of the bullion in the gold dollar.

The President advanced another argument against the re-enactment of the free coinage of silver. He said: "The bonds issued prior to 1873 were issued at a time when the Gold Dollar was **the only coin in circulation or contemplated by either the government or the holders of the bonds as the coin in which they were to be paid.** It is far better to pay these bonds in that coin than to seem to take advantage of the unforeseen fall in silver bullion to pay in a new issue of silver coin thus made so much less valuable. * * * Any attempt to pay the national indebtedness in a coinage of less commercial value than the money of the world would involve a violation of the public faith and work irreparable injury to the public credit."

Here it will be observed he uses sophisms first, that it is the "kind" of money and not its purchasing power which determines its honesty; secondly, that it is silver that had fallen, whereas it was gold that had risen; thirdly, that gold was "the money of the world;" and fourthly, that the word "coin," as used in the bonds, meant *gold* coins.

December 10th the Senate replied to that portion of the President's Message in which he argued that silver should not have free coinage because, as he fallaciously said, to pay the bondholders in these dollars *would be dishonest.* By resolution the Senate declared that the bonds issued by the United States and payable in "coin" meant coin of the weight and fineness authorized by the laws of the United States at the time the contracts were entered into,

The Contract with the Bond-holders.

namely, **as to silver, a silver dollar of 412 1-2 grains standard silver.** The resolution was introduced by Stanley Matthews of Ohio (now on the United States Supreme Court Bench), who pointed out that,

Common Honesty to the Tax-payers

demanded that the letter and the spirit of the contract with the bond-holders be lived up to and therefore it was not right for the government to say that the bonds were payable in gold alone. The vote on the resolution stood 43 yeas to 22 nays.[1] The House also agreed to the resolution.

It was apparent that the Senate was *likely to vote for the free coinage of silver.* **To help prevent this the Finance Committee of the Senate reported by their Chairman,** Mr. Allison, **an amendment to their silver purchase bill.** [See illustration, page 381, below.]

26. ***An International Monetary Conference.***

The amendment provided "that immediately after the passage of this act, the President shall invite the governments of the countries composing the Latin Union, so called, and of such other European nations as he may deem advisable, to join the United States in a conference to adopt a common ratio as between gold and silver, for the purpose of establishing, internationally, the use of bimetallic money and securing fixity of relative value between those metals: such conference to be held at such place, in Europe or in the United States, at such time within six months, as may be mutually agreed upon by the Executives of the governments joining in the same, whenever the governments so invited, or any three of them, shall have signified their willingness to unite in the same. The President shall, by and with the advice and consent of the Senate, appoint three Commissioners, who shall attend such conference on behalf of the United States, and shall report the doings thereof to the President, who shall transmit the same to Congress."

This plan, it will be observed, was the one advocated in the Minority Monetary Report of Senator Boutwell—**the man who helped to surreptitiously demonetize silver.**

The basis of the plan is the statement that the bimetallic laws in force previous to 1873 were **ineffectual attempts to concurrently circulate gold and silver money.** This Concurrent Circulation could be

[1] On the above point Mr. Blaine in his speech February 7, '78, said: "But I must say, Mr. President, that the specific demand for the payment of our bonds in gold coin, and in nothing else, comes with an ill grace from certain quarters. European criticism is leveled against us, and hard names are hurled at us across the ocean for simply daring to state that the letter of our law declares the bonds to be payable in standard *coin* of July 14, 1870; explicitly declared so, and declared so in the interest of the public creditor, and the declaration inserted in the very body of the eight hundred millions of bonds that have been issued since that date. **Beyond all doubt, the silver dollar was included in the standard coins of that public act.**"

secured, it was claimed, by all the gold-using countries adopting free coinage of gold and silver at a common ratio. This is termed,

International Bimetallism.[1]

This untried experiment is, as we shall show you later, quite certain to fail to concurrently circulate the two moneys if it should be attempted, BUT THERE IS NO PROBABILITY THAT IT EVER WILL BE ATTEMPTED; and it was this improbability which caused the moneyed interests to put it forth as

A Stalking-Horse.

It operated successfully. Senators and Representatives could vote for this fake *and make themselves solid with the moneyed interests* **and at the same time make their constituents believe that they were doing their best to put a stop to falling prices.**

After the international conference amendment was brought in **it was apparent that the leaders in the Senate did not intend that a vote on free coinage should be taken.** No set of leaders were ever able to stop the mouth of Senator Blaine when he wished to speak: he introduced a bill (January 23, '78) for the free coinage of silver and gold and on February 7th made a rousing speech. He said:

27. ***Blaine Denounces the Falling Prices of the Gold Standard.***

"I believe the struggle now going on in this country and in other countries for a single gold standard, **would, if successful, produce widespread disaster in the end throughout the commercial world."**

28. ***Blaine on Demonetization.***

Of the powers conferred upon Congress, Mr. Blaine said: "I believe gold and silver coin to be the money of the Constitution—indeed, the money of the American people anterior to the Constitution, which

[1] **International Bimetallism Defined.** Secretary of State Foster in his letter to the delegates to the International Monetary Conference of 1892 said: "Your first and most important duty will be to secure, if possible, an agreement among the chief commercial countries of the world looking to International Bimetallism—that is, the unlimited coinage of gold and silver into money of full debt-paying power at a fixed ratio in coinage *common to all the agreeing powers.*" (International Monetary Conference Report of 1892, p. 4.)

Professor Laughlin says: "An agreement between the chief commercial nation of the world on one given ratio (e. g., 15½ to 1) would, in the opinion of this other school [i. e., school of bimetallists other than for independent action] keep the value of silver relatively to gold invariable, and *so cause the concurrent use of both metals in all the countries of such a league.* This may be termed International Bimetallism, to distinguish it from the other body of theories." (History of Bimetallism in the United States, p. 4.)

that great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare that either metal should not be money. Congress has therefore, in my judgment, no power to demonetize silver any more than gold; no power to demonetize either any more than to demonetize both."

29. *Blaine on "Independent Action."*

As to the comparative merits of the proposition in the amended Senate bill to put off the free coinage of silver until the creditor countries of Europe would concurrently enter upon its free coinage, Mr. Blaine said: "*Our annual indebtedness to Europe is so great* that if we have the right to pay it in silver, we [by entering upon its free coinage] **necessarily coerce those nations by the strongest of all forces, self-interest, to aid us in upholding the value of silver as money.**"[1]

This proposition conversely stated is that "our annual indebtedness to Europe is so great that *if we wait for these creditor countries to join us in cheapening gold by the free coinage of silver*, **we will never succeed, for the strongest of all forces, self-interest, is against the cheapening of gold.**"

Since Mr. Blaine uttered his prophetic words, **18 years have passed and the futility of waiting on the creditor countries to join with us in putting a stop to the appreciation of our debts is clearly manifest,** AND THE DISASTER WHICH HE PREDICTED AS A RESULT OF A CONTINUED APPRECIATION OF GOLD HAS FALLEN UPON US ALL TOO HEAVILY.

Blaine's bill for the free coinage of silver and gold was at a little over 16 to 1.[2] The gold standard crowd **did not permit it to come to a vote.**

The possibility of the Failure of such a law to re-establish a practically constant ratio between silver and gold at the ratio provided in the bill—about 16½ to 1—and at the same time *concurrently circulate* gold and

[1] An epitome of Mr. Blaine's leading qualities is thus stated in Appleton's Annual for 1884: "In Congress he distinguished himself by his intimate knowledge of parliamentary law, his readiness in debate, **his advocacy of American, as opposed to foreign, interests, and his loyalty to the National Government.**"

[2] It was at a ratio a little over 16 to 1, namely, 425 grains of standard silver in each dollar instead of 412½. At that time we had only 160 million dollars in gold and Germany stood ready to exchange a large quantity of silver. And besides, it doubtless was good policy to yield a bit to those who stood opposed to a ratio of 16 to 1.

Mr. Blaine said: "That remonetization will have a considerable effect in advancing the value of the [silver] dollar (of 412½ grains) is beyond doubt, but not enough to overcome the difference now existing." (Page 821 of Congressional Record, second session, 45th Congress.)

silver, **could not have been the real cause of the defeat of the bill,** it would surely have succeeded in re-establishing the ratio of 16½ to 1, and some gold would have continued to circulate within the country, for the effect of the law passed in 1876 to replace the fractional paper money with silver coins had resulted in a drop in the ratio of 19.59 to 1 during July, 1876, to **16.35 to 1 during January, '77,** and the United States purchased less than 30 million dollars of silver bullion. During January, 1878, the market ratio of silver and gold averaged **17.53 to 1.**

Mr. Blaine correctly understood that the effect of the bimetallic laws previous to 1873 had resulted in **a more stable measure of prices than would either metal taken separately,** and

He Therefore Advocated Independent Action.

In 1885 he set forth this fact very clearly in his "Twenty Years of Congress." He said: "In 1878 a majority of Republicans and a minority of Democrats asserted the necessity of maintaining silver coins at full legal tender, but upon the basis of equality in intrinsic value with the gold dollar. **This class feared the effect of an exclusively gold standard while the supply of gold, compared with the commercial demands of the world, is relatively and rapidly growing less** [i. e., gold prices rapidly falling.] They had seen the ratio of gold supply far beyond that of silver for a series of years following 1860, and then for a series of years the ratio of silver supply in excess of the supply of gold. The theory advocated by this class rested upon the proposition that **the dollar of commerce could not with safety be exclusively based either upon the scarcer or upon the more plentiful metal. An adjustment is required providing for the employment of** BOTH METALS—**maintaining between them such fair equalization** AS WOULD NOT VIOLENTLY DISTURB THE VALUE OF REAL PROPERTY OR OF ANNUAL PRODUCTS, AND, MOST IMPORTANT OF ALL, WOULD SECURE A STEADINESS IN THE WAGES OF LABOR AND A SOUND CURRENCY WITH WHICH TO RECOMPENSE IT. The supply of both metals for two periods of 16 years each [1850-1865, both included, and 1866-1881, both included] in the United States and in the world at large may suggest some useful lessons." The combined supply of these two metals which he sets forth in a note, shows that it was much more steady than either was when taken separately, and therefore that it resulted in a more stable money.

Mr. Blaine in his "Twenty Years of Congress," volume two, written in 1885, emphasizes his own position at that time (1885) by quoting from his speech delivered in 1878, these words: "Mr. Blaine favored the coinage of 'such a silver dollar as will not only do justice among our citizens at home **but prove an absolute barricade against the gold monometallists.**'"

Mr. Blaine, however, miscalculated the effect of a failure to re-establish a practically constant ratio between silver and gold. He said that should our gold flow out and we be "forced to the single silver standard."

Effect of Silver Standard.

"Our relations with the leading commercial countries of the world are at once embarrassed and crippled."[1] But subsequent history has proven that **the silver standard countries have greatly prospered, and that the countries with the gold standard have been injured.** Mr. Blaine's misunderstanding of this portion of the question at that time only goes to show that no one person is exactly right in all things. During this debate on the silver question (1878) he owned up freely and fully that in 1873 he did not understand the money question. February 15, '78, in speaking of the demonetization of silver in 1873, he said: "Now let us be equally frank. We were in pure and absolute ignorance of that whole subject. It was not known. * * * I think now, very clearly, with the light before me, that it was a great blunder." Since he made this confession in 1878, events have proven that the nations which have had a silver standard were not injured thereby as Mr. Blaine and the majority of statesmen living at that time thought would be the case; it is another instance of where time has proven that they were mistaken.

30. ***Blaine on Silver Certificates.***

The silver bill as reported to the Senate by Mr. Allison had in it *no provision for Certificates.* Mr. Booth of California brought in an amendment providing for the issuance of silver certificates by the government for the silver dollars deposited with it. This amendment was opposed by the moneyed interests *as they knew that* **it would obviate all objection to silver on the ground of weight.** In the debate Mr. Blaine, speaking for the use of certificates, said: "The question is * * * simply whether the certificate of $100 deposited, that you may take up any day when you return the certificate, is not just as good as the $100. That is all there is about it. This proposes to deposit 100 silver dollars and issue certificates for it when you can get the $100 on demand. It seems to me that if you are going to have a silver dollar of any kind it would be a convenience to use it in that way. I am opposed to the bill as it is now pending and likely to be passed [i. e. to make *partly-standard* silver money], but I do not think this feature of it [for silver certificates] is going to make it any worse but will somewhat ameliorate it."

To a question put to Mr. Blaine as to silver being "a cumbrous and

[1] Speech of February 7, 1878, p. 820, Congressional Record.

inconvenient article to carry," and that the certificates was "a mode of getting paper instead," Mr. Blaine said: **"No more than it is as to gold. You do that for gold to-day. You give exactly the same certificates for gold."**

"Mr. Morrill of Vermont. No.

"Mr. Blaine. Yes, certainly.

"Mr. Morrill. Not exactly.

"Mr. Blaine. It is tantamount. I am not talking about words."

The amendment was carried, 49 yeas, 15 nays.[1]

31. *Action of the Senate and House.*

As to the vote on the Allison bill in the Senate and the cowardly action of the House, see above page 159 and those following. They contain also the opinion of John G. Carlisle, (the present Secretary of the Treasury), as to the Conspiracy to Demonetize Silver. He further said:

32. *Carlisle on the Effect of an Increasing Volume of Money.*

This bill with its provision that $2,000,000 should be added to the currency each month "will certainly afford some relief. **It will reverse the grinding process that has been going on for the last few years. Instead of** CONSTANT AND RELENTLESS CONTRACTION—INSTEAD OF CONSTANT APPRECIATION OF MONEY AND DEPRECIATION OF PROPERTY—**we will have expansion to the extent of at least $2,000,000 per month, and under its influence the exchangeable values of commodities,** INCLUDING LABOR, WILL SOON BEGIN TO RISE, **thus inviting investments,** INFUSING LIFE INTO THE DEAD INDUSTRIES OF THE COUNTRY, AND QUICKENING THE PULSATIONS OF TRADE IN ALL ITS DEPARTMENTS. * * * It is the first victory won by the people during many years of warfare with the consolidated wealth of this and other countries, and although it is not by any means a complete triumph, it marks the beginning of a new and more popular era in national legislation; it attests a mighty revolution in public sentiment as represented here at the capital; and it places the great industrial and producing masses of the people in the front and the nonproducers in the rear.

33. *The Moneyed Interests vs. the Interests Other Than Moneyed.*

"For fifteen years the people have been on the defensive, and although fortified by the plainest provisions of law and the clearest principles

[1] Page 1104, 2nd Session, 45th Congress.

of equity, they have been continually driven from one position to another until THEY STOOD AT LAST UPON THE VERY VERGE OF FINANCIAL RUIN. **Gathering all their energies for this struggle, they have advanced — not very far, it is true — but they have advanced far enough to recover a part of the ground lost in previous conflicts; and, sir, I** TRUST THAT THEIR REPRESENTATIVES WILL FAITHFULLY HOLD IT FOR THEM.

"Our power of legislation over this subject will not be exhausted by the passage of this measure, and we ought not to halt for a single moment in our efforts to complete the work of relief inaugurated by it. **The struggle now going on can not cease, and ought not to cease,** UNTIL ALL THE INDUSTRIAL INTERESTS OF THE COUNTRY ARE FULLY AND FINALLY EMANCIPATED FROM THE HEARTLESS DOMINATION OF SYNDICATES, STOCK EXCHANGES, AND OTHER GREAT COMBINATIONS OF MONEY GRABBERS IN THIS COUNTRY AND IN EUROPE. Let us, if we can do no better, pass bill after bill, embodying in each some one substantial provision for relief, and send them to the executive for his approval. If he withholds his signature, and we are unable to secure the necessary vote, here or elsewhere, to enact them into laws notwithstanding his veto, **let us, as a last resort, suspend the rules and put them into the general appropriation bills, with the distinct understanding that** IF THE PEOPLE CAN GET NO RELIEF THE GOVERNMENT CAN GET NO MONEY."

34. *Ewing's Prophecy.*

General Ewing also set forth the wrongs inflicted upon the people by the Money Power but he spurned the Compromise offered in the Allison bill. His statement and prophecy are set forth above page 167; be sure and read it before taking up the following section.

35. *The Power of the Creditor Class.*

In considering How It Occurred that the will of nine-tenths of the people of the United States was deliberately ignored in the silver legislation, there is to be borne in mind the Motives of the moneyed interests of Europe and the United States in securing the defeat of the bill for the free coinage of silver on an equality with gold; HAD SUCH A LAW BEEN ENACTED, ALL THE INCREASED EXCHANGE VALUE OF GOLD WHICH HAD BEEN ADDED THROUGH THE DESTRUCTION OF THE BIMETALLIC TIE WOULD HAVE BEEN LOST, for the fixed ratio between silver and gold at 16 to 1 would have been again re-established. There was present, then, on the part of the moneyed interests, a very strong motive to secure the defeat of the

efforts to secure the re-establishment of bimetallism. The methods they employed were then, as now, undoubtedly, as various as are the circumstances to be met.

In political campaigns effective results are obtained by furnishing campaign funds and controlling the primaries and conventions. In addition to this, the control of the daily press, to a large extent, and the control of the economic teachings in many of the endowed universities, further contribute to secure the ends aimed at by the moneyed interests. To influence the opinion of business men, the bankers and their "tools" press their sophisms. Then the business men, through their Boards of Trade and other organizations, bring their influence to bear in molding public sentiment and controlling the members of the House and Senate. **All this is accomplished through a thorough organization on the part of the moneyed interests, they, when necessary, throwing their entire strength just where it will be the most effective,** thus handling their opponents "in detail;" and they use their money in the ways in which professional lobbyists can best describe. An intimation of the method pursued in 1878 is given in the New York *Tribune* for January 11 of that year. It said: "The machinery is now furnished by which in any emergency *the financial corporations or the East* **can act together** at a single day's notice **and with such power that no act of Congress can overcome or resist their decision."** (See also illustration, next page.)

The truthfulness of this statement is borne out by the fact that in the Senate the question of free coinage of silver *was not voted upon;* and when the humpback monometallic bill went back to the House, things were so manipulated that **the changed bill was considered but about one hour and then passed.** THUS WAS A RETURN TO THE BIMETALLIC STANDARD DEFEATED.

The manifest triumph of the moneyed interests in defeating a return to Stable Prices aroused a great amount of bitterness on the part of those whose interests were other-than-moneyed, and as a result, enough of the people's representatives were secured to vote a repeal of that portion of the resumption law which provided that the legal tender greenbacks should be destroyed as rapidly as retired. It provided that as rapidly as received by the government they shall "be paid out again and kept in circulation." **Thus the defeat of a return to the bimetallic standard resulted in a continuance of government paper money in the United States.**

36. *The Government Paper Money Continued in Place of Hard Money.*

This law received the approval of the Executive May 31, 1878. In the House it passed under a suspension of the rules, April 29th, yeas

DEFEAT of REMONITIZATION of SILVER
AVERAGE LEGISLATOR
NATIONAL BANKER
MONOPOLIST

177, nays 35, not voting 79. In the Senate it passed May 28th, 41 nays, 18 nays, 17 absent.

The industrial conditions for 1878 are thus set forth in contemporary history:

37. *Effect of Falling Prices.*

In the United States.

1878.

Appleton's Cyclopedia for 1878 says (page 118): Since the "crisis of 1873 there has been a complaint of bad business and a feeling of doubt and discouragement in nearly all branches of trade and all sections of the country. The depression has been prolonged and widespread, but not so paralyzing as that which has occurred in some other countries. **It has had a most injurious effect, producing misery and demoralization in the ranks of the most useful class of citizens, the skilled mechanics of many trades. It has brought great numbers of traders to bankruptcy, who in ordinary times could have held their position.**"

In 1878 prices of commodities in general in the United States fell from 110.9 to 101.3, and for 1879 from 101.3 to 96.6, **a fall of 14.3 per cent in these two years.** During these two years gold prices in England fell 11½ per cent.

1879.

February 14, 1879, Judge Kelley in the House of Representatives called attention to the great fall in general prices and traced out their direful effects. In summing up he said: "**Ruin has pursued, as an avenging demon, enterprise wherever it has engaged in productive business.** He only has profited by their toil who has wrapped his talent in a napkin of untaxed government bonds, and brought it forth for use *only when the products of labor, energy, and enterprise were to be sacrificed at sheriff's or other forced sale.*

"But, sir, the sheriff's sale was not the only joyous event with which the stricken people of Philadelphia were made to welcome the great fact of the equivalency between our paper money and gold. For on the first day of the 'glad New Year,' the owners of 13,582 properties, within the limits of the city, on opening their morning papers, were pleasantly greeted by name, by the receiver of taxes, with notice that their taxes for 1878 were in default: and that unless they were paid on or before the 15th of the month, preliminary steps would be taken to secure their collection. **Living in enforced idleness, as thousands of the most industrious and thrifty of them are, think you that this was a grateful New Year's greeting?**"

He shows, then, that immediately after resumption, the following appeared in the organ of the Philadelphia sheriff, the Record:

"Sheriff Wright, on January 6, will begin **the largest sale of real estate ever held by any sheriff in this city.** There are 692 writs, covering about 1,000 properties. The sale on the first day will begin at 4 o'clock, in the new court-house, and extend from No. 370 on the list to No. 692."

About that time in 1879, the Philadelphia Times called a halt, in "paying large salaries and erecting costly public buildings, **while the money to pay them can only be got by the seizure of citizens' property at the hands of the sheriff."**[1]

In Other Gold Standard Countries.

While the conditions in the United States were in the terrible condition as above noted, they were STILL WORSE IN THE GOLD STANDARD COUNTRIES OF EUROPE, for these older and more thickly populated countries had a very much lower wage rate in 1873 than prevailed in the United States, *and they did not have immense tracts of fertile prairies waiting to receive their unemployed.* At the end of 1878, a historian, setting forth the conditions which had prevailed during that year, said that the depression in the United States was **"not so paralyzing as that which had occurred in some other countries."**[2]

In England.

In England the conditions were as follows: When general prices were rising during **1871, '2, '3,** Mr. Gladstone spoke of the Prosperity of England being such that **it was increasing "by leaps and bounds."**[3] In the words of Professor Marshall: "Everybody was working very hard; everybody got exceptionally high returns, employers and employed together."[4]

During the latter part of 1873 general prices began to fall. During 1874 they averaged 9 per cent lower than the average for the panic year; during 1875 they fell 6 per cent; 1876, 1 per cent; 1877, 1 per cent; 1878, 7 per cent; 1879, 4 per cent.[5]

In **1876** Parliament appointed a commission to examine into the Depression of Trade. Statistics show that the percentage of unemployed increased. In a large trades union it increased from less than 1 per cent in 1872 to 13.3 per cent in 1879 (page 81, above). We are told that

[1] Our Money Wars: Leavitt, p. 230.

[2] These words occur in the preceding section.

[3] Evidence placed before the British Gold and Silver Commission, January 16, 1888, §9821.

[4] Same citation, §9827.

[5] Sauerbeck's Table of Prices, p. 27, above.

"the state of employment was worse outside the trade unions than in them" (page 81 above).

Appleton's Annual for 1879, in considering England, says (page 175): "In **1877** there was a rise in the price of wheat of about 30 per cent." This "increase in the cost of living happening at a time of feeble business and *low markets for manufactured goods* **excited numerous conflicts between labor and capital;** there occurred not less than 161 separate strikes during the year 1877. **Pauperism increased 11 per cent this year,** comparing it with last. * * * **The export trade continued in the same downward course which commenced in 1873.**

"The year **1878** was marked by *deepening financial gloom in England and the appearance of serious distress among the working population.* **The situation was aggravated by disastrious financial failures. The crisis in the cotton trade occurred** in which the manufacturers who had been keeping their mills working at a loss for several years until many of them stood on the brink of bankruptcy, and had kept up a stock of manufactured goods beyond any present demand, and underbid each other till prices were at the lowest ebb, were threatened with a double danger by a dearth in the supply of raw cotton which kept up the prices of the material, while the failure of several manufacturers and the critical situation of others threw their stocks of cotton goods on the market and depressed the prices of manufactures.

"In the coal and iron industries the situation was equally gloomy and there can be no doubt that the substitution of steel for iron will cause a gradual decay of those trades, extended as they had been by the sudden and enormous demand for iron before 1873. * * * In the coal-mining trade numerous bankrupties occurred; **nearly all of the companies started during the period of high prices from 1871 to 1873 have gone into liquidation."**

In Appleton's Annual for 1879 the ill effects of the destruction of the fixed ratio between silver and gold are pointed out (p. 164): "Between 1872 and 1878 there was from England, with her gold standard, an increase of exports to countries where the gold standard prevailed *of 9 per cent,* **but a decline of 33 1-3 per cent in the values of the exports to silver paying countries.** The loss to Great Britain in exchange alone in last years trade with India is computed at 75 millions of dollars, so great is the disturbance caused by the want of a common medium of exchange."

In Germany.

Earnest Seyd, F. R. S., an expert financier, in a paper before the British Society of Arts, April 5, **1878,** said: "As for Germany, after her great victory over the French **her condition is worse than that of England."**

A speech from the German Throne read February 6, 1878, speaks of "the difficulties affecting the development of our industry, doubly felt at the present time **in the lasting depression of commerce.**"[1]

At this time it was said; "**Several commissions have been appointed** to inquire into the condition of the principal kinds of industry and trade."[2]

Labor outbreaks were of common occurrence in Germany the same as in England and in the United States. Bills were introduced in the German national legislature **to forcibly repress socialism.** Two attempts were made on the life of the Emperor, the latter one injuring him so as to "compel him to abstain from all business." "In Prussia, the ministerial crisis was, so to say, *en permanence.*' Ministers came and went suddenly. The Chancellor was ill and his deputy not yet in office. **He denied moreover that the general condition of German society required a dictatorship to be instituted.** He contended that when tens of thousands were permitted to assemble in the streets and display red revolutionary emblems, as had repeatedly occurred, the existing laws were too leniently carried out. * * *

"The Reichstag was opened on September 9, in accordance with the Imperial Decree. The speech from the Throne was read by Count Stolberg, Prince Bismarck's substitute. It related principally to the attempts made upon Emperor William's life and the Anti-Socialist bill which was to be laid before the House. A confident hope was expressed that the newly elected deputies would not refuse to grant the means of giving the peaceful development of the empire **the same security against attacks from within as it enjoys against those from without; that the spread of the pernicious Socialist movement would be arrested;** and that those who had been led away by it might be brought back to the right path."[3]

For the following year (**1879**) it is chronicled that "the fatal marasmus of contracting commerce and industrial stagnation has afflicted Germany **perhaps more severely and calamitously than any other country.**" This appears in Appleton's Annual for the year 1879, page 180, and it further says: "The government has recently appointed commissioners to inquire into the causes of *the continued commercial depression,* from whose deliberations, projects for relief and remedy are hopefully awaited."

In France.

In France the prices of commodities were gold prices, and they

[1] Appleton's Annual Cyclopædia for 1878, p. 378, title, Germany.

[2] Same citation, p. 386.

[3] Appleton's Annual Cyclopædia, 1878, p. 380, title, Germany.

therefore fell in France the same as in England and Germany. In **1878** "a **committee appointed by the Senate to inquire into the cause of the depressed condition of trade and manufactures** in France made a report in May."[1]

For **1879** Appleton's Annual of that year speaks (page 179) of "**the general depression of industry and commerce**" **in France**; and that the "industrial stocks generally declined, the coal stocks of the 19 principal countries of the north of France depreciated during the year 103 million francs, in the aggregate the fall in shares averaging 47 per cent."

Countries with Comparatively Stable Prices.

In the Silver-Using countries general prices did not fall so much as in the gold-using countries (page 131, above); and besides, the fluctuations in the exchange between gold-using and silver-using countries stimulated manufactures in the silver-using countries (page 126, above); and stimulated the export trade of the silver-using countries (page 133, above). Further evidence of this we find in contemporary history. In Appleton's Annual for 1879 mention is made of "**the** IMPROVED **prosperity of the people in British India.**" And it is further said: "**The export trade of India still continues to feel** THE STIMULATING EFFECT OF THE DEPRECIATION OF SILVER."[2] (See illustration, next page).

Afflicted as the people were in the several countries with falling prices, various remedies were brought forward by the Moneyed Interests **to divert the attention of the people from Falls in General Prices.**

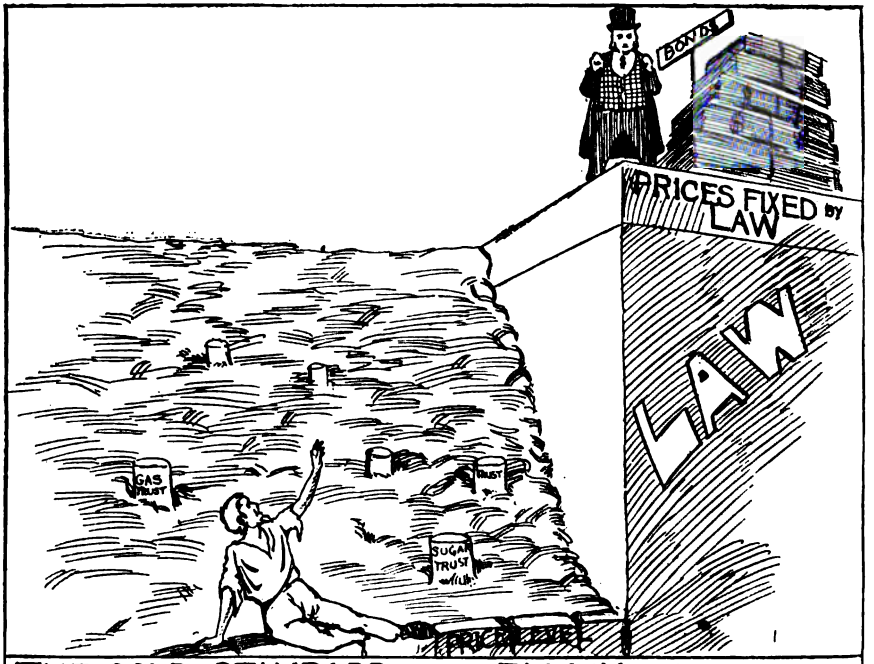
38. ***Remedies Proposed in the Countries with Falling Prices: Protective Tariffs.***

Protective Tariffs were advocated for the thickly populated countries of Europe as a means of giving work to the unemployed, although it was sure to reduce the real wage of those employed.[3]

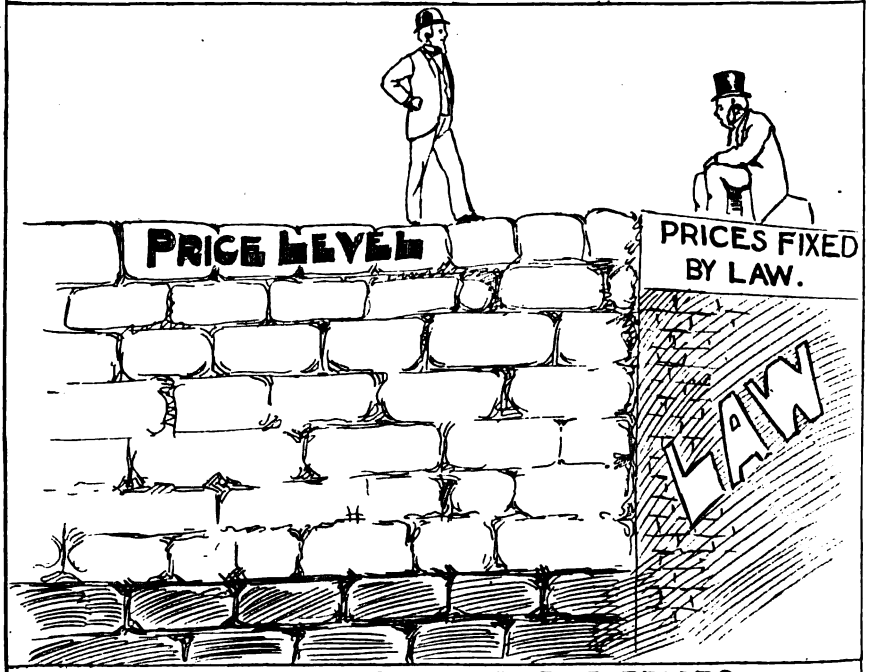
[1] Appleton's Annual Cyclopædia for 1878, p. 347, title, France.

[2] Appleton's Annual for 1879, pp. 181, 182, title, Commerce, International.

[3] In the *thickly populated countries* the protective tariffs are placed on Agricultural products as they are the things imported. These countries give in exchange manufactured products. The tariff on agricultural products raises the price within the country to an amount nearly equal to the tariff; and this, too, on all such products of agriculture *grown within the country*. This Increased Price goes *to the landowners* in the shape of rent; and as agricultural rents rise there is taken into cultivation *poorer and poorer lands*. Now it is a well-demonstrated fact that *the farm wage tends to the level of the net return from "the poorest land in cultivation"*—the no-rent lands—and therefore as **agricultural rents go up the agricultural wage goes down** (other things



THE GOLD STANDARD WITH ITS FALLING PRICES.



THE SILVER STANDARD AND STABLE PRICES.

In Germany.

In Germany the moneyed interests threw their influence toward "protection." The following is the statement for the year 1878 made in Appleton's Annual Cyclopædia, title Germany: "Several commissions have been appointed to inquire into the condition of the principal kinds of industry and trade and with a view to obtaining in their report a guide to the future policy of the government. It is noticed as a suggestive fact that the Protectionist party are in the majority in all these Commissions." The following year a Protective tariff was enacted. In the words of Appleton's Annual for 1879 (p. 180): "The German Government, impelled on the one hand by the prostration of industry and commerce and the widespread distress among the working people to adopt some extraordinary measure of relief, and actuated on the other hand by its own pressing need of an increased revenue which shall not depend on the doubtful vote of the Parliament, in order to carry out the policy to which it has committed itself, *saw fit to abandon its free trade principles* **and drew up a reformed tariff of a highly protective nature,** which has lately been accepted by the Parliament."

In France.

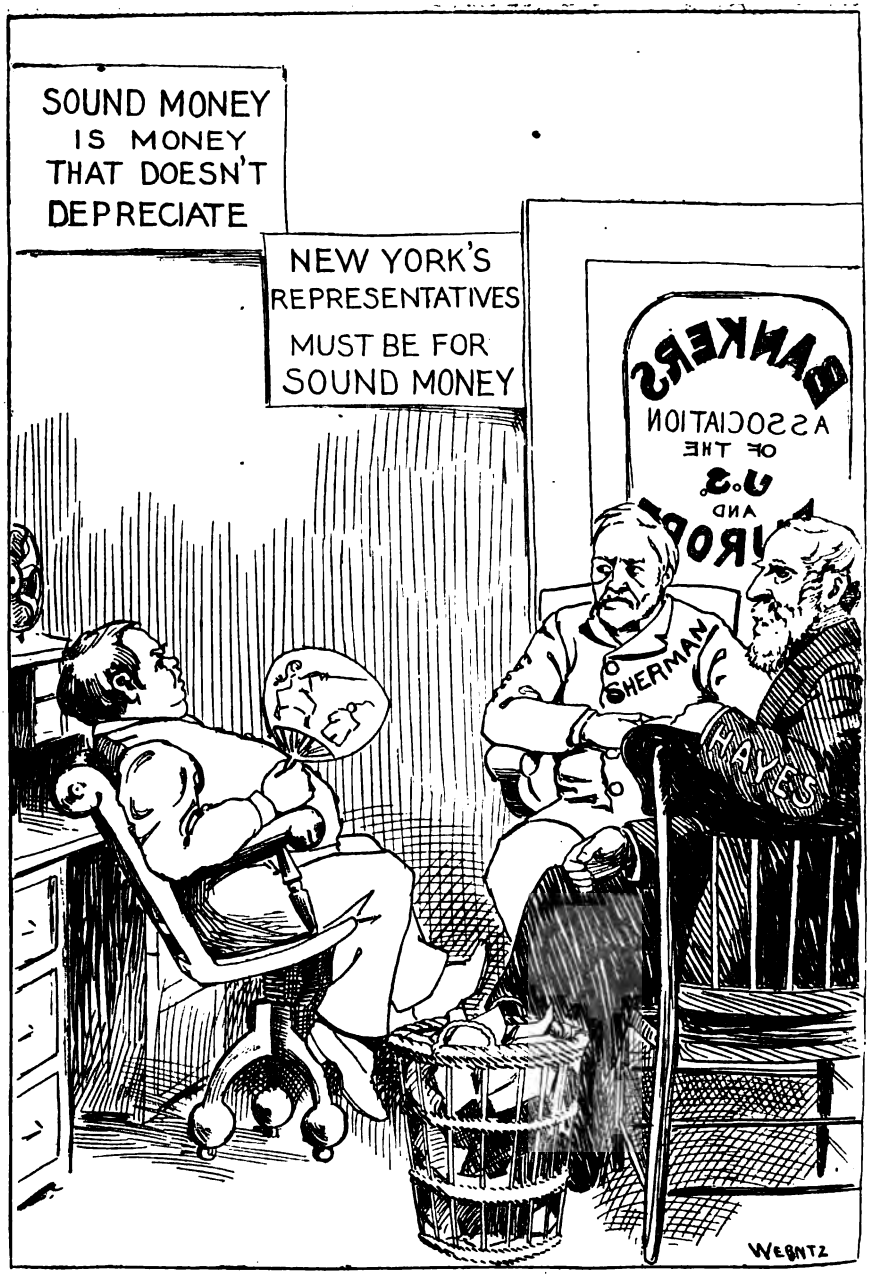
In France the committee appointed by the Senate to inquire into the cause of the depressed condition of trade and manufactures made its report in May 1878, "It proposed that the government should for the present reserve the question of the treaties of commerce and **raise the duties which protected the suffering industries."**[1]

While the French people, after their war with Germany, and their need for revenue had rejected the plans of the protectionists, and in 1875 were "almost unanimous in support of free trade" (Report of Consul Mason, p. 598 Consular Reports 1889), were, as a result of falling prices brought to such straits that **in 1878 a "packed" commission advised the raising of import duties to restore prosperity.**

thing remaining equal). And all wages tend to the same level, allowance being made, of course, for skill, agreeableness, etc. Between farm laborers and those in the other industries there is a competition through young men entering the employments which hold out the best rewards and thus in the long run wages through the several industries grade up or down just as the farm wage goes up or down.

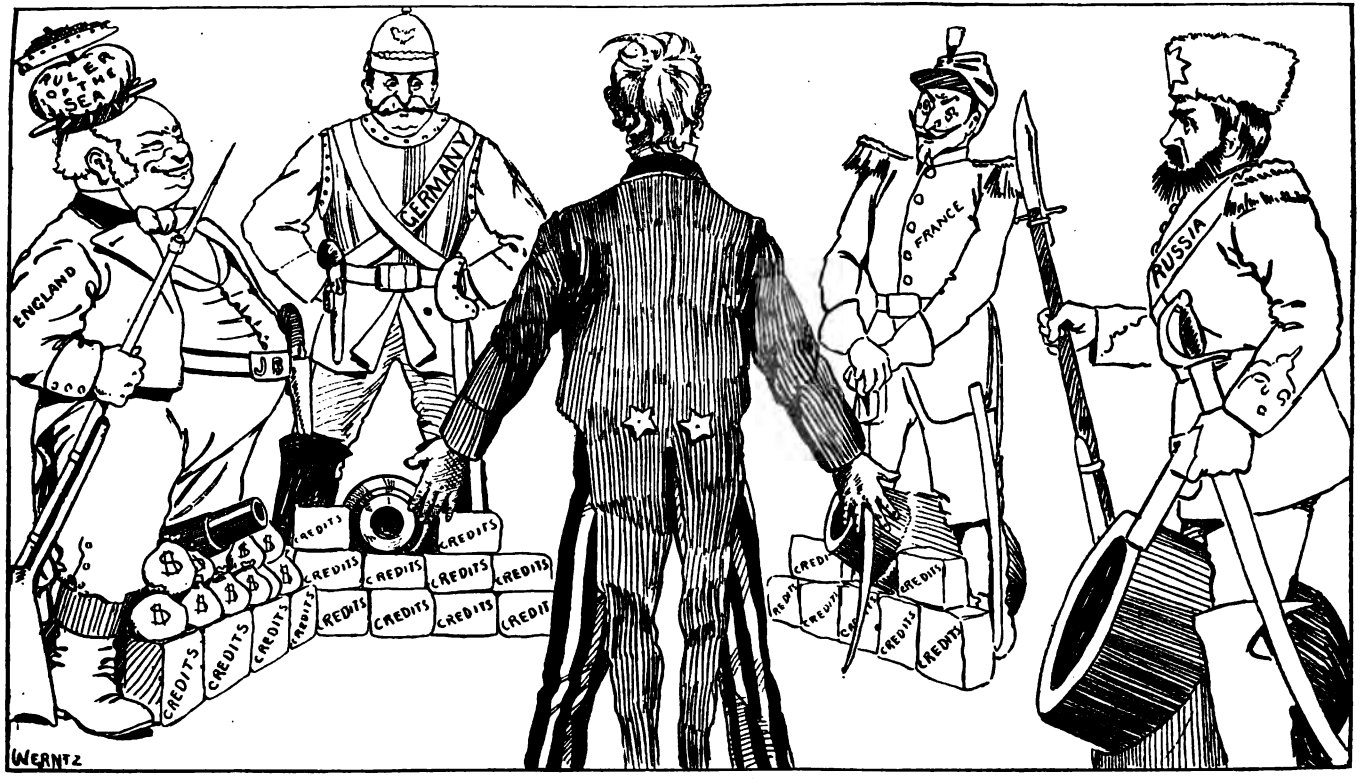
It does not follow that protective tariffs are hurtful to a country which *exports* agricultural products in exchange for manufactured products, *for the tariff tends to keep people out of agriculture and to raise the prices of manufactured articles used in agriculture*, **thus lessening agricultural rents and correspondingly raising wages** (other conditions remaining the same).

[1] Appleton's Annual for 1878, p. 347, title, France.



1878—"NINE-TENTHS OF THE PEOPLE OF THE UNITED STATES DEMAND THE UNLIMITED COINAGE OF THE OLD SILVER DOLLAR."

President of the Bankers' Association of U. S. and Europe—"You will have to coin some silver or those lunatics will break our appreciating Gold Measure of Prices, therefore pass a bill to buy some silver and float it on the Gold Standard, and at the same time work the International Bimetallism dodge. There is no danger that Johnny Bull and the other Great Creditors of Europe whom we represent, will ever permit the free coinage of silver in Europe."



THE INTERNATIONAL MONETARY CONFERENCE OF 1878.

The United States Asks the Creditor and War-Threatened Countries of Europe to Cheapen Money and Risk Losing Their Gold—a War Weapon.

In Italy.

During 1879 "the proposal of the government **to raise the duties on sugar, coffee and petroleum** excited an unusual importation of those articles, particularly of sugar. * * * This increased demand was nearly offset by a decline in the importation of foreign manufactures."[1]

Under the Falling Prices above described and the consequent depression in business the International Monetary Conference was called by the United States in pursuance of a provision in the Allison law of February 10, 1878. [See illustration, preceding page.]

39. *The International Monetary Conference of 1878.*

Delegates were present from twelve States.[2] **The moneyed interests which had engineered the demonetization of silver were well represented in this conference.** In fact, Belgium and Switzerland returned the same delegates who in 1865 had worked for the demonetization of silver by the Latin Union and in 1867 voted to demonetize silver.

The Delegates Reiterated the Usual Sophisms.

Mr. Feer-Herzog of Switzerland said: "Silver is a metal of an inferior order, ill adapted to the needs of civilization, inconvenient for individuals, fit only for backward nations."[3] Mr. Pirmez of Belgium showed *the real animus* pervading these creditor states of Europe by saying that should the several countries open their mints to silver and gold at the old ratio "the increased value gained by silver * * * will be attended as regards Gold *by a precisely equal reduction of value.*"[4] [See preceding illustration.]

Mr. Broch of Norway objected to the free coinage of silver because, as he said, it would raise the prices of commodities in general and thus injure "the mass of consumers, the laborers, petty employès, functionaries, all those who receive wages or fixed incomes." And a little later he said: "Silver always goes on gradually losing its value with the exception of a few moments of stoppage or even an accidental rise. It seems to be its destiny to be always falling."

Again he said: "If one were compelled to pay everything in silver, a lady could not go into a shop to buy a dress without taking with her a porter to carry the load of silver [how about silver certificates?] which the purchase of this simple object would require to-day."[5]

[1] Appleton's Annual for 1879, p. 181.

[2] Austria-Hungary, Belgium, France, Great Britain, Greece, Italy, Holland, Russia, Sweden, Norway, Switzerland, United States of America.

[3] Third Session, p. 206 of Proceedings.

[4] Fifth Session, p. 121 of Proceedings.

[5] Second Session, pp. 28, 29.

Several Countries Expressly Approved the Gold Standard.

The Chairman of the English delegation said that England had "nothing to change and desired to change nothing in its monetary system in Europe."[1]

Germany refused to send a delegate to the Conference and continued to refuse upon receipt of an invitation from the Conference itself.[2]

The delegate from Holland (Mr. Mees) said that the propositions of the United States "seemed to him, in the present state of affairs, impracticable in Europe."[3] [See preceding illustration.]

The states represented by the above delegates were the only ones in the Conference but which were on a paper basis, excepting France and Greece.

The Conference as a Body Resolved:

"It is necessary to maintain in the world the monetary functions of Silver as well as those of Gold, but that the selection for use of one or the other of the two metals, or of both, simultaneously **should be governed by the special position of each state or group of states."**[4]

The question of the Ratio at which the two metals should be coined in case of free coinage *was not even discussed.*

In the foregoing there was

One Strong Point Against the Moneyed Interests.

And that was the report that **it was necessary to retain both gold and silver as money** and that **each state should be governed by its special position.** This was a strong argument for Independent Action on the part of the United States at the next national election.

To head off this Independent Action by the United States and to make its people think that the Resumption of Specie Payments was important, and to give good times in the countries which had just adopted the policy of Protection, the chief creditors of Europe secured from the Directors of the German Imperial Bank and the Bank of France **orders for the issuance of large quantities of paper money.**[5]

[1] Second Session, p. 32.

[2] Page 70 of Proceedings.

[3] Third Session, p. 53.

[4] Page 214 of Proceedings.

[5] The Report of the United States Comptroller of the Currency says (page 65): "The [paper money] circulation of the Imperial Bank of Germany, on January 1, 1879, was $165,933,942; its circulation on January 1, 1880, was $198-201,144; **showing an increase of $32,-267,202 during that year.** * * *

"The amount of circulation of the Bank of France on January 29, 1880 was $464,294,873, **showing an increase** between that time and January 27, 1881, the date of the foregoing table, of **$40,-521,483.**"

40. *Issuance of Money in Europe to "Kill the Silver Craze."*

And throughout Europe the leading banks lessened their gold holdings, thus throwing more money into circulation.[1]

The result, of course, was that soon after the paper money and coin began to be issued, **general prices began to rise in those countries.**[2] This tended to stop exportation of commodities and to increase the importation of commodities. As a result gold was exported to pay the balance of trade; **during the last five months of 1879 the net export of gold into the United States was $78,000,000,**[3] while for the preceding year the next amount of gold imported into the United States had been but $1,000,000.[4] With this increase in the volume of money in the United States, of course **the prices of commodities in general rose** AND WITH RISING PRICES THERE CAME, AS USUAL, PROSPERITY.[5]

[1] December, 1879, the New York World pointed to the fact that "since June 1, the Bank of France alone has lost **over 54,000,000 of dollars in gold.** Between August 1 and November 26, 1879, the Bank of England lost **35,000,000 of dollars.** The coin and bullion in the Bank of Germany fell between September 1 and October 15, 1879, by **at least 15,000,000 of dollars."** (Reprinted in Our Money Wars: Leavitt, p. 235.)

[2] For the last six months of 1879 general prices in Germany rose *3 per cent:* (Soetbeer's Table of Prices, diagrammed by British G. & S. Com., p 17 of Final Report).

For the same period of time general prices in England rose *2 per cent;* (Sauerbeck's Table of Prices, diagrammed by British G. & S. Com., p. 17 of Final Report).

[3] Appleton's Annual Cyclopædia for 1879, p. 370.

In addition to the import of gold into the United States for the last six months of 1879 and the first six months of 1880, **the gold in the United States Treasury was reduced during the time, $9,000,000;** (U. S. Statistical Abstract for 1884, p. 27).

[4] Statistical Abstract of the United States, 1894, p. 51.

[5] Appleton's Annual for 1879, under "Finances of the United States" says (page 370): "During the last six months of the year the prices of merchandise and all classes of securities **rapidly advanced.** The state of **buoyancy, activity and speculation** at the chief centers of trade ensued which **has never been equaled** when the country was on a specie basis. The following summary from the 'Financial and Commercial Chronicle' shows the prices of leading securities about the first of January, 1879, and '80:

"Railroad Stocks.	Jan. 1, 1879.	Jan. 1, 1880.
"New York Central and Hudson River	114⅛	129 1/2
Erie (N. Y., L. E., and W.)	22⅞	43 1/4
Lake Shore and Michigan Southern	60	100 1/4
Michigan Central	78¾	90
Chicago, Rock Island and Pacific	120¼	149
Illinois Central	80½	99 1/2
Chicago, and Northwestern, common	50¾	91
Chicago, Northwestern & St. Paul, common	37⅛	75 5/8
Delaware, Lackawanna, & Western	43¼	84
Central of New Jersey	33½	80 1/2

The Rising Prices and the Ensuing Prosperity.

For the year 1880, under the title "Commerce of the United States," Appleton's Annual Cyclopædia speaks of "an increase in values [prices]," and "a volume of business in internal commerce, manufactures, agriculture, and in financial operations and the extension of productive facilities and inauguration of new enterprises **which exceed the figures of any previous year in the commercial history of the United States," and "in the scale of consumption an increase which has never been equaled."** "There has been a very large supply of money in the money market, and AN UNEQUALLY ACTIVE DEMAND, which has occasionally produced a tight market notwithstanding the enormous capitals *which were unlocked at the return of confidence* [i. e. unlocked at the prospect of a rise in prices; in other words, a prospect of a decrease in the exchange value of money."]

This unlocking of the enormous capitals occurred as a result of gold pouring into the United States. It was this way: The inflow of the gold meant an increase in the volume of money, and this meant an increase in the prices of commodities in general. This was generally understood, that is to say, it was generally understood that the prices of commodities would rise *and money become proportionately of less value.* As a consequence there was **a general rush to exchange the "locked up capitals" for property other-than-money,** and those who held property other-than-money **were eager to employ labor.**

General prices rose in the United States probably **13 per cent** in 18 months (July, 1879, December, 1880). **The Extension of Credit was one of the factors which helped to sustain so large a rise in prices on the comparatively small increase in the amount of money in circulation.**

And now what effect did this large issuance of paper money and coin, in Europe, and the consequent rise in prices have upon the Bimetallic Sentiment which had been demanding that silver be employed to put a stop to the falls in general prices and raise them for a time?

Effect on Bimetallic Sentiment.

It was this: **It stopped the demand for rising prices by satisfying it;** a man who is dying from thirst and who is given water no longer demands water; in other words, the action of the creditor classes in stopping the falls in general prices through the issuance of paper money and coin, and the consequent instituting of the rapid rise in prices, gave the prosperity which the bimetallists said would result from rising prices, but at the same time **it effectually checked the demand for the remedy of bimetallism** which would have brought about rising prices for a time. In the European countries where protective tariffs had been instituted, the effect of rising prices and consequent prosperity was this:

Effect on Protective Tariff Sentiment.

It led the people to believe that their new protective tariffs had caused the prosperity. "The belief is widely diffused that **the protective tariff of 1879 saved Germany from a great ruin."**[1] Mr. Porter of the United States, who "spent a portion of 1883 in Germany and visited the industrial regions of the German Empire," says that **Germany has had great industrial progress "since the Government abandoned the policy of free trade and returned to protection.** After a disastrous attempt to establish free trade, the German Empire in 1880 was obliged to return to protection. * * * Wages have increased; hundreds of thousands of the unemployed have been given profitable work; old blast furnaces which had become moss-grown under free trade have been relighted; new ones have been built; others are to-day in course of construction; silent spindles are humming again; looms covered with dust and cobwebs are once more clattering; old mills have been re-opened and new ones have been built, and English firms have found it profitable to move to Germany and give employment to hundreds of the weavers and spinners who under free trade had nearly starved."

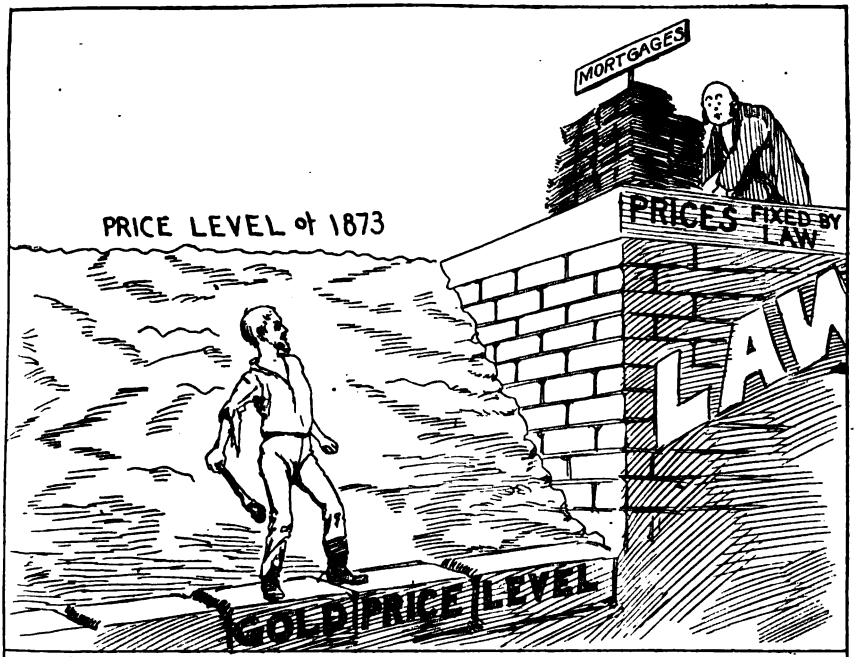
In place of "free trade" and "protection" in the foregoing, insert "falling prices" and "rising prices" and see how the results then correspond with what occurred in Free Trade England and in Germany and France with their Protection.

In the United States, where the resumption of specie payments had just occurred,

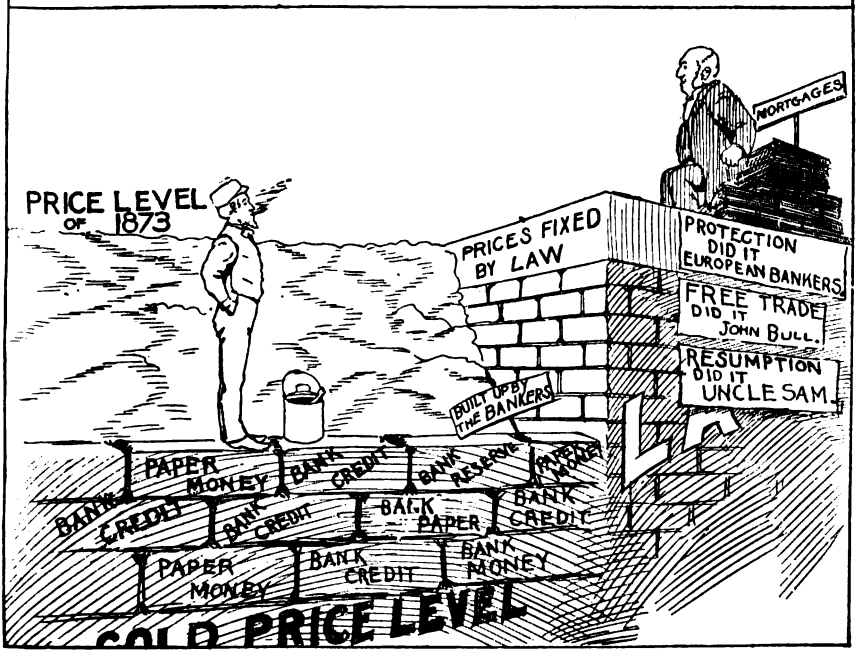
The Good Times Were Ascribed to the Resumption of Specie Payments.

In the words of Secretary of the Treasury Sherman in the autumn campaign of 1879: "Now that resumption is a success, Democrats say the Republican party did not bring it about, but that Providence has done it; that bountiful crops here and bad crops in Europe have been the cause **of all the prosperity that has come since resumption.** We gratefully acknowledge that Providence has been on the side of the Republican party, or rather, that, having sought to do right, we find ourselves supported by Divine Providence, and we are grateful to the Almighty for the plentiful showers and favorable seasons that brought us good crops; but we also remember that it was the passage of the resumption act, the steady steps toward resumption, the accumulation of the coin reserve, the economy of the people, and their adjustment of busi-

[1] Mr. Strachey, British Consul to Dresden, in a report to his government republished in Porter's Free Trade Folly, p. 80.



THE EFFECT OF FALLS IN GENERAL PRICES.



HOW THE BANKERS FOOLED THE PEOPLE.

The Bankers, to preserve the gold standard, brought about rises in general prices and good times and deceived the people as to the Cause.

ness affairs to the time fixed for resumption, that, with the blessings of Divine Providence, brought us resumption."[1]

General Garfield, in his letter accepting the Presidential nomination in 1880, said: "Resumption has not only made our paper currency everywhere equal to coin, but has brought into use our store of gold and silver. **The circulating medium is more abundant than ever before,** and we need only to maintain the equality of all our dollars to ensure to labor and capital a measure of value from the use of each which no one can suffer loss. **The great prosperity which the country is now enjoying** should not be endangered by any violent changes or doubtful financial experiments."

We will next turn to

41. *The Presidential Election of 1880.*

a. GENERAL STATEMENT.

Again was there such management within the Republican and Democratic parties as to side-track the question of free silver and the Republican candidate who advocated free silver, James G. Blaine, was again defeated for the presidential nomination. The Democratic-Greenback candidate was also defeated. Somewhat in detail the facts are as follows:

b. HOW THE MONEYED INTERESTS SECURED THE REPUBLICAN NOMINEE AND PLATFORM.

The men put forward to defeat the wonderfully enthusiastic followers of Mr. Blaine were ex-President Grant and John Sherman, Secretary of the Treasury. Grant had served two terms as President of the United States and was acceptable to the moneyed interests for a third term (see the following text for the action taken in New York State). It has been said that the President did not desire to stand for a third term but was persuaded to change his mind through the efforts of Mr. Conkling and the other enemies of Mr. Blaine, and through the efforts of the former office-holders, and the moneyed classes.

As to

John Sherman's Record.

We have set it forth up to 1878, the date of the passage of the silver law. From that time to 1880 his record is thus chronicled in a Chicago Tribune Editorial of March 30, 1880:

"Since the passage of the silver law Mr. Sherman **has done everything to disparage silver;** he has limited the coinage to the minimum; has refused to exercise the government's option to pay out silver in any

[1] John Sherman's Recollections, p. 752.

considerable amounts; he has restricted the issue of silver certificates; has made the treasury department a member of the New York clearing-house, from which silver is excluded; and has by word and letter and act done all in his power to discourage the use of silver in the United States. * * * **At the opening of the present Congress he made the extraordinary recommendation that Congress strike from $350,000,000 of the greenback currency of the country its legal-tender character.** It was a high bid for the support of Wall street but a fatal one addressed to the producing and industrial classes of the country. * * * It is highly improbable that Mr. Sherman would receive an electoral vote from any State between the Alleghany and Rocky Mountains upon the issues of abolition of silver money and demonetization of greenbacks which would involve a contraction of the coin and paper legal-tender currency exceeding 400 millions of dollars, **which would produce ruin to every industrial interest and every legitimate enterprise."** (This same question is to-day—1896—the question which confronts producers.)

President Hayes,

in his efforts to secure a second term, went John Sherman one better and advised Congress that the greenbacks be deprived of their legal-tender quality, *and should be retired and burned,* **and interest-bearing bonds put out in their place.**

The Demands of Wall Street.

"The entire Wall street press, as ever inspired by the same directing mind, boldly applauded the recommendation of the President and of his Secretary of the Treasury, that the greenbacks be demonetized; **and to this they added a renewal of the demand that silver** [issued under the Allison Silver Purchase Law] **be demonetized,** AND THAT THE UNITED STATES AT ONCE TAKE POSITION AMONG THE COMMERCIAL NATIONS OF THE WORLD WITH GOLD AS THE EXCLUSIVE LEGAL-TENDER DEBT-PAYING MONEY. In support of this proposition, these papers have been wonderfully prolific in their denunciation of all forms of money save gold, as dishonest; **they have denounced legal-tender silver as** A NEW ARTIFICE **to enable dishonest debtors to rob honest creditors by forcing them to accept cheap dollars of a debased metal;** they have also exhausted the vocabulary of abuse against the dishonest policy of making paper money legal-tender at any time and in any place, under any circumstances. They have assumed that the United States is the only place claiming to have a responsible government where legal-tender paper is authorized, and they have demanded the demonetization of the greenback in order that the United States might be relieved of the disgrace, and be able to claim

admittance among the honest nations of the earth, by whom gold alone is recognized as the only debt-paying money." (See illustrations pp. 392-'93.)

This was said by the Chicago Tribune in an editorial Feb. 24, 1880, and it continued: "Disregarding the abuse of these organs of the money-shavers, we have persistently pointed out that **there is no commercial nation in Europe where gold is exclusively the legal-tender money; and we pointed out that** NO SUCH NATION COULD MAINTAIN ITS BUSINESS IF GOLD WAS THE EXCLUSIVE LEGAL-TENDER MONEY."

In the East the Boston Advertiser, in its issue about April 18th, declared that the Chicago Tribune was "having the most baneful influence on financial questions of any published in this country."

The moneyed interests in their determination to Name the Nominee and the Platform in the Republican National Convention, exerted themselves to overthrow the selection of delegates by Congressional districts.

Moneyed Interests Assault Popular Representation.

In Pennsylvania

the Republican political campaign was opened very early with an apparent purpose of securing the nomination of ex-President Grant for a third term. There was, however, a strong element of the party which preferred Senator Blaine of Maine as the Presidential candidate. The State Convention was called for February 4th, a most exceptionally early date. When the Convention met, a resolution was offered that the delegates to the National Convention be selected by the State convention *instead of by Congressional districts*, **and that their selection should be by a committee of nine members,** subject to the approval of the convention. This was in direct contravention to the rule which "had been indirectly framed in the National Convention of 1876, when the Unit Rule was over-ridden and the right of each individual delegate to cast his own vote was established."[1] The Blaine interests immediately offered an amendment declaring for the selection of delegates **by Congressional districts,** except as to the four delegates at large. After some discussion the amendment was lost by a vote of **100 yeas to 150 nays** and the resolution first offered was agreed to."[2] "In the vote on the substitute **6 instructed Blaine men voted** NAY **and 27 delegates who were in the Blaine caucus appeared as** BACKSLIDERS."[3]

[1] Blaine's Twenty Years of Congress, p. 658.

[2] Appleton's Annual for 1880, title, Pennsylvania.

[3] Special Dispatch to the Chicago Tribune.

The delegates were instructed **to vote as a unit for General Grant,** but by only a majority of 20 out of 250 delegates.

To secure this result **the convention was called in mid-winter,** and "in a majority of the districts of Pennsylvania **the committees denied to the body of the party the privilege of a voice in selecting delegates to the State Convention.** The reason why this course was pursued does not admit of doubt. *The managers desired to secure a certain political action which they knew or feared that* **the masses of the people would not willingly indorse;** otherwise they would not only have waited patiently for them to speak [in conventions called later and at the proper time] but accorded to them the largest and freest opportunity to emphasize their wishes." [1]

Furthermore "when the Philadelphia delegation was chosen by the Republican members of the clubs, it was understood that the great majority of them were for Blaine and disapproved of a third term, but Senator Cameron **secured [against Blaine]** BY SOME MEANS, **the unanimous vote of that Blaine delegation.** It is notorious that the overwhelming sentiment of the Pittsburg Republicans was in favor of Blaine as the first choice; but the Pittsburg delegates were not appointed by the party *but by the county committee* **in order to prevent the selection of Blaine men.** So the delegates from Lancaster *were packed by the county committee* **in the Cameron interests** as the rank and file of the party were opposed to a third term. In this way Cameron secured control of a majority of the State convention." [2] **It was Cameron who "palpably engineered Blaine's defeat in the Republican Convention of 1876."** [3]

"The machine men did not venture to carry out the original program of disregarding the selections made by Congressional conventions [12 delegates having been selected in this way]. "One Blaine delegate from Bucks County was left off from the slate, but on a protest being made the name was restored. The new delegates named *were as a rule Grant men* but there were some notable exceptions." [4]

Comments.

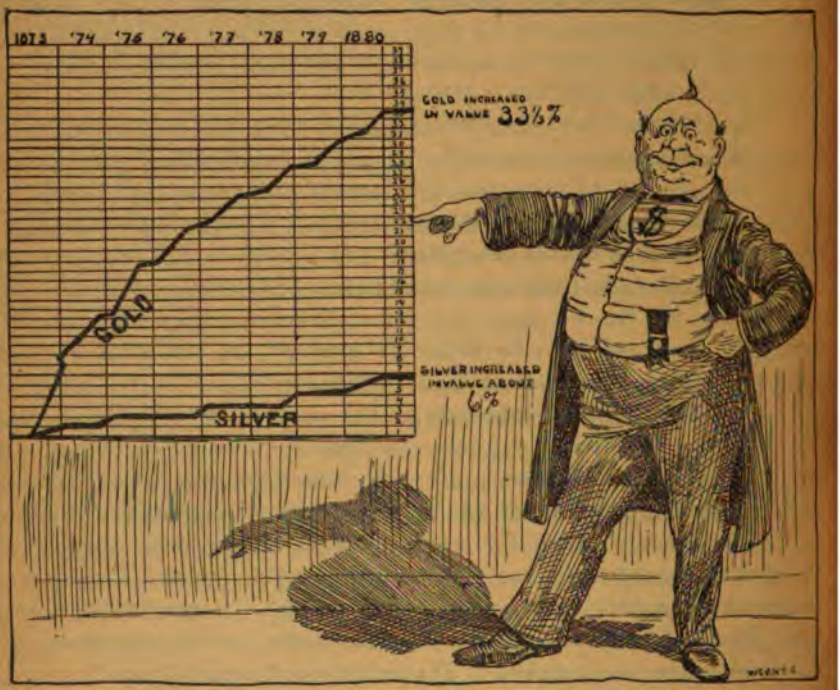
Commenting upon the Pennsylvania convention, the Cleveland Herald (Republican) said: "It means that those acting in Grant's interest are determined to secure his nomination at all cost. *The minority are to be coerced,* **or crushed when they cannot be won over to the support of Grant.** * * * The tactics employed in Pennsylvania will

[1] Chicago Tribune Editorial, March 18, 1880.

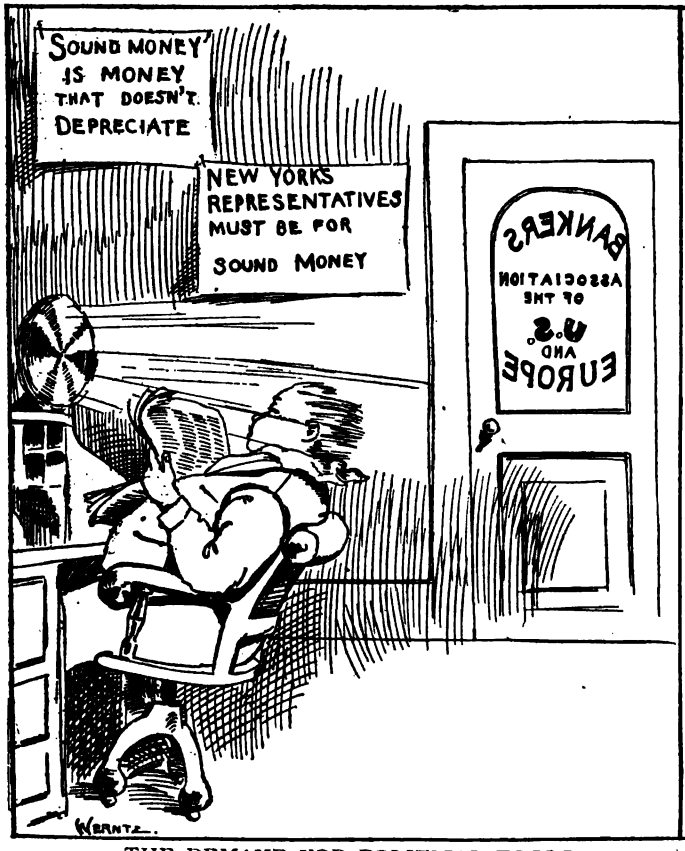
[2] Chicago Tribune Editorial, February 6, 1880.

[3] Dispatch from Philadelphia to the Cincinnati Enquirer, February 9, 1880.

[4] Special Dispatch to the Chicago Tribune.



WALL STREET CREDITOR: "That suits me! Money that doesn't depreciate."


SOUND MONEY IS MONEY THAT DOESN'T DEPRECIATE
NEW YORKS REPRESENTATIVES MUST BE FOR SOUND MONEY
BANKERS ASSOCIATION OF THE U.S. AND EUROPE
WERNTZ

THE DEMAND FOR POLITICAL TOOLS.

THE SUPPLY.

be repeated in New York, and with those two States bulldozed into sending Grant delegates to Chicago it is believed that some other States will follow suit AND A STRONG OUTSIDE PRESSURE BROUGHT TO BEAR and the Chicago convention will do the rest."

The St. Louis Globe-Democrat (Republican, and against Blaine) said: "We know, however, that **Blaine's candidacy will be fiercely contested in States** [New York and other Eastern States] **where harmony and unanimity are essential to Republican success.** * * * The vote given him in Pennsylvania means that he is the second choice of that great State, **so he is of nearly every Republican in the** WEST who can think of a second choice *without fearing defeat at the polls in November.*" **"The party cannot lose 5 per cent of the Republican vote in New York or Ohio without making defeat certain."** (Chicago Tribune editorial of March 20.)

In New York.

"The Republican party of the State opened the political campaign early **with an apparent purpose of giving direction** and **impetus to the Presidential canvas.** The State Committee after consultation called the convention for the appointment of delegates to the national nominating assembly to be held at Utica on the 25th of February."[1]

After the Convention was organized "the minority assumed the aggressive by moving that the selection of delegates to represent Congressional districts **be made by the representatives of each district in the Convention,** but ex-Collector [Chester A.] Arthur was prepared with a resolution on the same subject which he introduced as a substitute. The substitute provided that the representatives of the districts should present their choice to the convention *for its action.* This was in accordance with the scheme agreed upon but not divulged last night to secure the unanimous delegation for Grant, the plan being that whenever a majority of a district delegation should report names *unsatisfactory to the majority of the convention,* **the minority from that district should propose other names which the convention would substitute.** * * * THE ARTHUR RESOLUTION WAS ADOPTED. * * * When the announcement of delegates chosen by the district representatives was made, an attempt was made in the very first district to substitute delegates to go to Chicago in place of those reported, but upon the announcement that **they would respect the instruction of the convention** the attempt failed as it did under similar circumstances in other cases."[2]

"Before any nominations or appointments were made the Com-

[1] Appleton's Annual for 1880, title, New York.

[2] Chicago Tribune of February 26, 1880.

mittee on Resolutions reported a resolution calling attention to the virulent and unlawful efforts of the Democratic party to overawe State governments, * * * thereby intending to secure control of the General Government by deeds of violence, [?] and fraud and in defiance of the carefully constituted judicial authorities. [?] In the presence of these graver and threatening dangers [?] it is the duty of the Republican party in its united strength to meet and prevent them; and to this end, mindful of their great responsibilities in the coming Presidential contest and of the fact that it must be determined by the electoral vote of this State, the Republicans of New York hereby solemnly pledge to the Republicans of other States their ability to cast it for Ulysses S. Grant.'" This strain was continued at considerable length, **no mention of the money question being made,** and in conclusion it was said:

"*Resolved,* That the Republicans of New York believe the renomination of Ulysses S. Grant as a Presidential candidate is of urgent importance, and the delegates this day appointed are called upon and instructed to use their most earnest *and united efforts* to secure his nomination."

"An amendment was offered substituting the name of James G. Blaine and striking out the reference to the third term. This was afterward modified so as to leave the delegates to the National Convention unpledged, and after a lively discussion was in that form **rejected by a vote of 180 yeas to 217 nays."**[1] In this ballot "*striking out the vote of New York County,* which is but one of several counties the Republicans may not hope to carry in the election, **the majority against the instruction for Grant would be 11**; if all the hopelessly Democratic counties were stricken out **the majority against the instructions would have been about 50."**[2]

The next Northern State which the Grant wing of the moneyed interests made a determined attempt to capture was

Illinois.

In this State the Convention was called for May 19th. A determined attempt was made to capture a majority in the State Convention. Those who were marshaled under the Grant banner were headed by Senator Logan. **In Cook County, those who were against the gold standard and in favor of Blaine were led by Medill of the Chicago Tribune, and by Mr. Farwell.** The Blaine men captured Cook County convention, but the gold standard crowd marched out and organized a convention and elected contesting delegates. At Springfield the dele-

[1] Appleton's Annual for 1880, title, New York.

[2] Chicago Tribune of February 26, 1880.

gates from the "rump" convention were admitted **and the Blaine delegates "were not allowed a voice or a sitting in the convention."** [1] "The majority in the State convention assumed authority to elect all the National delegates, without regard to the voice or vote of Congressional districts; and after a long and stubborn struggle *it named a complete delegation*, **overriding in nine of the districts the duly accredited choice of a clear majority of the undisputed local representatives in each district.**" [2]

In Other States.

In Kentucky the Unit Rule was adopted after a severe struggle and delegates instructed to vote for Grant.

In Missouri the delegation were instructed to vote as a unit and to support Grant.

In Alabama and several other States the same program was carried through.

June 2nd,

The National Republican Convention Met in Chicago.

The Grant forces were led by Senator Conkling. "The anti-Grant delegates, though divided as to the candidates, naturally made common cause and in the preliminary contest of the convention the personal and intellectual ascendancy of General Garfield made him the recognized leader of the opposition, though in a less active and aggressive sense [than that in which Senator Conkling was the leader of the Grant forces]. Around the two chiefs clustered the loyalty and the expectations which are always asserted with leadership, and the appearance of each day by day towering among his fellows was the signal for outbursts of applause from friends and followers.

"The preliminary meeting of the National Committee portended serious trouble; the organization was adverse to the sentiment of the majority, and there was some fear that in the heat of contest the just bounds of authority might be overstepped. Happily the points of dispute were satisfactorily adjusted through frank conference and a common understanding. Senator Hoar of Massachusetts, in whose fairness and ability both sides had full confidence, was accepted by common consent for temporary chairman and the convention was organized without any conflict." [3]

The Committees necessary to complete the organization were

[1] Appleton's Annual for 1880, title, Illinois.

[2] Blaine's Twenty Years of Congress, Vol. II., p. 659.

[3] Blaine's Twenty Years of Congress. Vol. II., p. 660.

appointed by the delegations from the respective States naming their own members. The Committees were secured by the anti-Grant members. The Committee on Permanent Organization selected Senator Hoar as permanent President.

In the convention the Grant and anti-Grant forces were shown in a vote ordering the Committee on Credentials to report, the vote standing 318 ayes to 406 noes. In this ballot the President of the convention overruled the attempt "to enforce the Unit Rule, and affirmed the absolute right of the individual delegate to cast his vote at his own pleasure and upon his own responsibility. It was accepted without appeal, **and thus the law of Republican conventions was established."**[1]

The next day "the report on Contested States was presented by Senator Conger, and led to a debate and struggle lasting through the larger part of two days. The Committee had examined cases involving the seats of fifty delegates and alternates. After eliminating those about which there could be no reasonable dispute and upon which a unanimous conclusion was reached, the final issue involved three delegates from Alabama, eighteen from Illinois, two from West Virginia, and four from Kansas. In all of these cases the decision rested upon the principle of district representation. The Majority of the committee accepted that principle as the established law of Republican Conventions, and reported in favor of the delegates chosen under it. The Minority of the committee, representing fourteen States and led by Mr. Tracy *of New York*, **reported against the delegates elected on the district plan, and sustained the authority of the State Conventions to overrule the choice of the district representatives.** The issue of district representation was thus clearly and sharply presented. The first case in order was that of Alabama, and after full debate a motion to substitute the report of the minority for that of the majority was defeated, the *ayes* being 306, the *noes* 449. **The Convention thus reaffirmed the cardinal doctrine of district representation.** The case of Illinois, which had excited more interest than all others, next came up. The discussion was prolonged and animated, and the result was not reached until nearly two o'clock in the morning. Nine districts were at stake, but the vote was taken on each separately, and the delegates chosen in the districts were admitted by a vote of **387 to 353.** In the cases of West Virginia and Kansas there was some dispute as to the facts, but they were decided upon the same principle according to the best understanding of the Convention."[2]

The right of Congressional districts to appoint their own delegates was further secured by the Committee on Rules, and adopted by the

[1] Same citation, p. 662.

[2] Same citation, p. 663.

convention after a contest. **Thus was the Unit Rule thoroughly overthrown as concerns Republican National Conventions.** THE ASSAULT OF THE MONEYED INTERESTS UPON POPULAR REPRESENTATION WAS UNSUCCESSFUL.

It was now late Saturday afternoon and the Convention had already extended through four days. The Saturday evening session was devoted to the presentation of Presidential candidates.

With the opening of the session on the following Monday, the balloting began.

The Balloting.

The first ballot showed **304 for Grant, 284 for Blaine,** 93 for Sherman, 34 for Edmunds of Vermont (gold standard advocate), 30 for Washburne of Illinois, and 10 for Windom of Minnesota.

The ballots were cast 28 times with no changes of any consequence. On the 29th ballot, 20 Edmunds votes were cast for Sherman, making the number 116.

On the 33rd ballot 9 Sherman votes were cast for Washburne. On the next ballot, 5 Washburne votes and 12 Sherman votes were cast for James A. Garfield, of Ohio, who previous to this time had been receiving one or two votes each ballot after the second.

On the 35th ballot Garfield received 8 additional votes, which were taken from Sherman, 7 from Washburne, and 18 from Blaine. **On the 36th ballot all the Sherman votes except 3 were cast for Garfield,** as **also were all the Blaine votes except 42. This nominated him.**

The territorial distribution of Grant's vote as compared with Blaine's shows that **if the moneyed interests had not made their fight in Illinois, Pennsylvania and New York, Blaine would have been nominated.**[1] But if he had been nominated it would probably only have

[1] TERRITORIAL DISTRIBUTION, FIRST BALLOT.

Blaine.

In the West.

Solid delegations from
California,
Nevada,
Oregon,
Idaho,
Montana,
Arizona,
New Mexico,
Nebraska,
Iowa.
Kansas 6 out of 10,
West Virginia 8 out of 10,
Wisconsin 7 out of 20,
Michigan 21 out of 22,
Indiana 26 out of 30,
Illinois 10 out of 42,
Ohio 9 out of 44.

In the East.

Solid delegations from
Maine,
New Hampshire,
Delaware.

In the South.

Maryland	7,	Virginia	3,
Georgia	2,	Alabama	1,
Mississippi	4,	Louisiana	2,

been to **suffer defeat in New York State at election time,** FOR THE MONEYED INTERESTS WOULD HAVE BOLTED THE NOMINATION JUST AS THEY DID FOUR YEARS LATER.

Blaine could have been nominated if the Sherman votes had been cast for him, but as the Sherman votes *were one wing of the moneyed interests, they would not vote for Blaine.* The split in the ranks of those who favored an increasing measure of value was, briefly stated, thus:

The Contractionist "Tools" Have a Split.

Soon after President Hayes was inaugurated, he, at the suggestion of Secretary of the Treasury Sherman, ordered an investigation of the New York Custom-House (a portion of the Treasury Department). At its head was Chester A. Arthur, and second and third in rank were George H. Sharpe and A. B. Cornell. The committee appointed to investigate reported irregularities and the three gentlemen just named were asked to resign. This they refused to do. They were removed by the President and other appointments presented to the Senate, which it refused to confirm (October 29, 1877), but from no objection to the appointees. They were again refused confirmation in December, except the one to succeed Sharpe. After the Senate adjourned in the spring the President made the appointments again, and when the Senate convened the next December they were confirmed after a hard fight. Pending Arthur and Cornell's final removal, John Jay wrote John Sherman, saying: "If you succeed in liberating the customs service from the vicious grip of the immoral factions and officeholders and their retainers who have made it a scandal to the nation with such gigantic loss to the Treasury and immeasurable damage to our commerce, industry and morals,

Texas 2, Tennessee 6,
Kentucky 1.

Grant.

In the West.

A solid delegation from
Colorado,
Kansas 4 out of 10 (6 for Blaine),
Illinois 24 out of 42,
Wisconsin 1 out of 20,
Indiana 1 out of 30,
Michigan 1 out of 22,

In the East.

New York 51 out of 70.
Pennsylvania 32 out of 58,
Massachusetts 3 out of 26,
(20 for Edmunds).

In the South.

Maryland 7 out of 15,
Virginia 18 out of 22,
West Virginia 1 out of 10,
North Carolina 6 out of 20,
South Carolina 13 out of 14,
Georgia 6 out of 22,
Florida 8 out of 8,
Alabama 16 out of 20,
Mississippi 6 out of 16,
Louisiana 8 out of 16,
Texas 11 out of 16,
Arkansas 12 out of 22,
Missouri 29 out of 30,
Tennessee 16 out of 24,
Kentucky 20 out of 24.

the country will be infinitely indebted to you."[1] Mr. Blaine wrote these words to President-elect Garfield: "The second section [of the Republican party] is the Grant section, taking all the South practically, with the machine in New York, Pennsylvania, and Illinois, and having the aid of rule or ruin leaders. * * * I think I am not wrong in saying that this section contains all the bad men of the party, bent on *loot* and booty, and ready for any Mexican invasion or Carribean annexation, and looking to excitement and filibustering and possibly to a Spanish war as legitimate means of continuing political power for a clique. These men are to be handled with skill, always remembering that they are harmless when out of power, and desperate when in possession of it,"[2]

Senator Conkling was the backer of Arthur and Cornell in this fight. In 1879, in the New York campaign, Cornell was run for Governor and Arthur was Chairman of the Republican State Committee.[3] Cornell was elected, and he together with Conkling and Arthur were the ones who manipulated the New York State Republican convention, February, 1880. The delegates at large selected by this convention were Conkling, Cornell, Arthur, and Warren.

There were then this New York group and Sherman crowd, who were opposed to each other, yet both representing the moneyed interests. In Ohio there was the Blaine contingent *who were opposed to both the groups representing the moneyed interests*, **and both these groups were opposed to Blaine.** John Sherman verifies this statement, for he says that after the first ballot at Chicago "the vote of my friends would have nominated Blaine at any period of the convention, but under the conditions then existing it was impossible to secure this vote to either Blaine or Grant."[4] What was finally done to defeat the crowd who were advocating Grant, was for the Sherman and Blaine delegates *to combine on Garfield*, **a brilliant man but one who, as we shall see, labored in the interests of the moneyed classes.**

After the nomination of Garfield, thereby defeating the Grant men.

The Vice-Presidential Nominee

was named by the New York delegation in an endeavor to placate them. **Chester A. Arthur was named for Vice-President.**

The Platform had previously been reported by Mr. Pierrepont of New York, a banker.

[1] John Sherman's Recollections (published in 1895). p. 685.
[2] Gail Hamilton's Biography of Blaine p. 491.
[3] Same citation, p. 747.
[4] Recollections of John Sherman, p. 774.

Platform Reported by Banker Pierrepont.

It contained **no reference to the Money Question,** except to say that "The credit acquired [by the government] should never be impaired," and "that the reviving industries should be further promoted." As reported the platform "was silent on the question of Civil Service Reform; and Mr. Barker of Massachusetts offered an amendment 'that the Republican party adopts the declaration of President Hayes that the reform in the civil service shall be thorough, radical and complete, and to that end demands the co-operation of the Legislative with the Executive Departments of the Government.' The amendment was carried and the platform adopted." [1]

In connection with the fact that the platform as reported by Banker Pierrepont of New York was silent on the question of civil service reform, and the further fact that the tools of the moneyed interests were divided on the civil service question, and the New York contingent were "rotten to the core," there should be borne in mind this further fact: On the 6th of May of this year a Republican anti-Grant convention was held at St. Louis and it declared, among other things that

c. THE GRANT ADMINISTRATION SCORED.

"The nomination of a third term candidate will put the party on the defensive **by reviving the memory of the public scandal and official corruption which brought the party to the verge of ruin.** We believe the questions now at issue—finance, tariff, etc.—**require a trained statesman for President;** and we find additional objection to a third term candidate in that it would substitute a dangerous tendency to personal government for an unwearied effort for the true reform of civil service, which is vital to the welfare and safety of the Republic." And the Convention passed the following resolution:

d. A "BOLT" THREATENED.

"That a National Committee of one hundred be appointed and instructed in the event of the nomination of General Grant to meet in the City of New York at the call of the Chairman of this Committee, and there to act in such a manner as they shall then deem best to carry out the spirit and purpose of these resolutions, the said Committee to be selected by a committee of thirteen and published at its earliest convenience."

We will next take up

e. THE CONTEST WITHIN THE DEMOCRATIC PARTY.

In the autumn of 1878 the "hard times" continued and the elections

[1] Blaine's Twenty Years of Congress, Vol. II., p. 664.

went Democratic: both Houses of the 46th Congress were Democratic. But in the autumn elections of 1879 there were "good times" as a result of the issuance of paper and metal coins in Europe, and the elections were generally in favor of the Republican party. In 1880 the contest for supremacy within the Democratic party was bitter and hard fought.

In New York

two Democratic State conventions were held at Syracuse April 20. In one the Tilden element ruled, in the other the Greenback element. In the latter **tremendous applause always greeted the name of Horatio Seymour, the Greenback Presidential nominee of 1868, and in the address of the convention it declared that, "We have waged a long and bitter contest aganst a secret, unscrupulous, unrelenting foe."** An olive branch was offered to the Tilden convention but was not accepted. The victory of the Tildenites was complete. The platform was confined to denouncing the decision of the Presidential contest of 1876. all reference to the money question was omitted. (See illustration on opposite page.)

The third day after the conventions had adjourned there was a large meeting of the Tammany General Committee, in which it was said, and the remark applauded, that "If the Democratic party should make Samuel J. Tilden its candidate they must expect the strong, the vigorous, and the energetic opposition of Tammany Hall."

In Kentucky.

In the Kentucky Democratic convention the Tildenites did not succeed in putting through the unit rule, and **"throughout the convention voices could be heard crying for Seymour."**

At

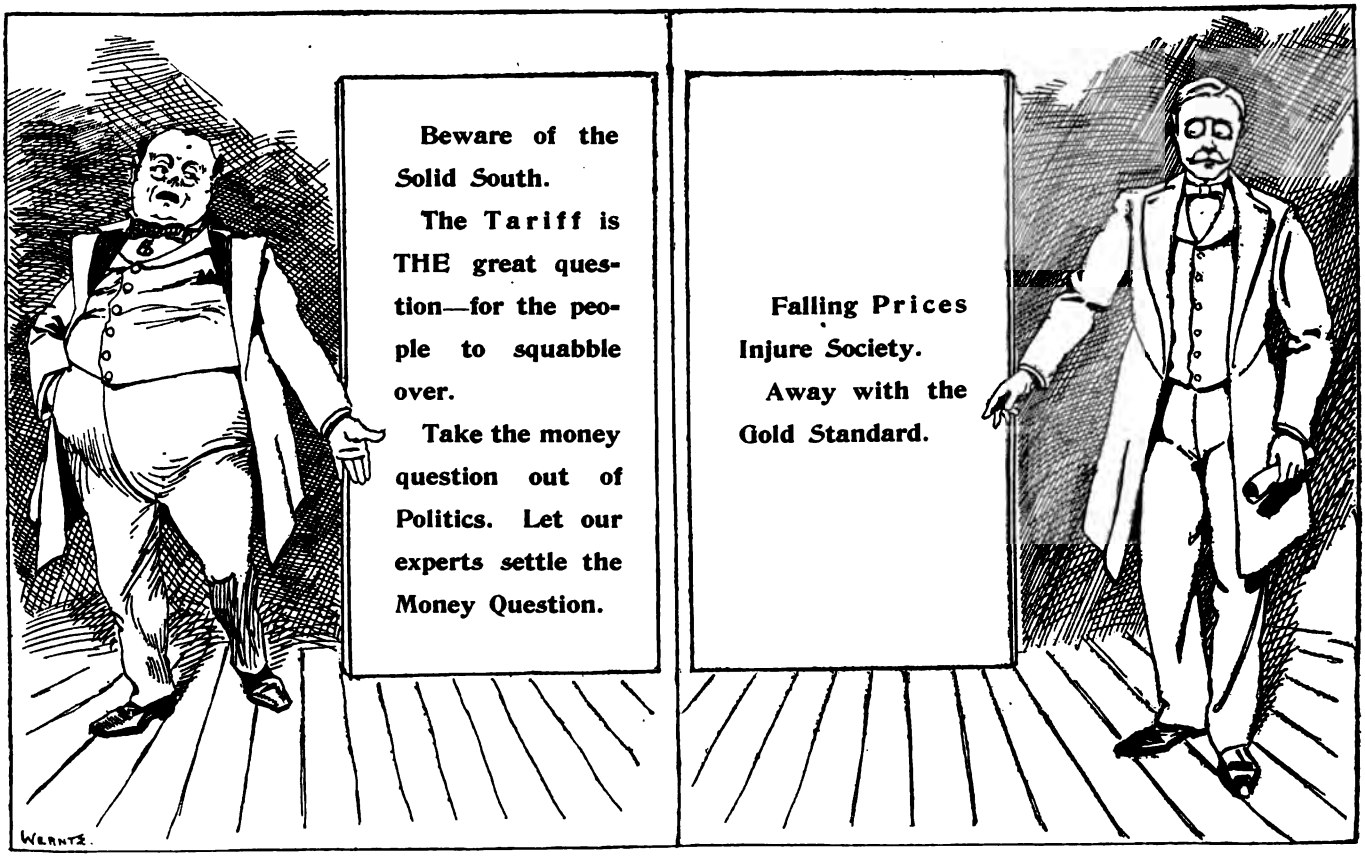
The Democratic National Convention

the contesting Greenback delegation from New York were barred out by the Committee on Credentials. Of the 70 delegates thus kept out **all but 15 represented the rural districts.**

Mr. Tilden withdrew from the Presidential race two days before the date of the National Convention. Among the names offered to the Convention for the Presidential nomination were General Winfield Scott Hancock, of Pennsylvania; Mr. Hendricks, of Indiana; Mr. Bayard, of Delaware; Mr. Thurman, of Ohio; Associate Justice Stephen J. Field, of California; Mr. Samuel Randall, of Pennsylvania; Mr. Morrison, of Illinois, and Mr. Payne, of New York.

The Balloting.

On the first ballot Hancock received 171, Hendricks 49½, Bayard


Beware of the Solid South.
The Tariff is THE great question—for the people to squabble over.
Take the money question out of Politics. Let our experts settle the Money Question.
Falling Prices Injure Society.
Away with the Gold Standard.
WERNTZ

153½, Thurman 68½, Field 65, Randall 6, Morrison 62, Payne 81. **New York State threw her 70 votes to Mr. Payne and Pennsylvania cast only 28 of her votes for General Hancock.**

On the second ballot Payne's name was withdrawn and **New York threw her 70 votes for Randall, Pennsylvania gave him 25** and Ohio gave her solid 44 to him. He received 128½ votes. Hancock received 320, Hendricks 31, Thurman 50, Field the same as before plus ½ vote, Morrison's name was dropped.

Early in the third ballot Hancock began to receive large additions to his vote and New York and Pennsylvania gave up the contest and cast their votes for him.

William H. English, of Indiana, who on the first ballot for President received one vote and on the second, 19 votes, was made the candidate for Vice-President on the first ballot.

The platform adopted simply declared for hard money but did not ask for the restoration of silver. It declared for "honest money, consisting of gold, silver, and paper convertible into coin on demand." *This was practically the position taken in the Republican platform.*

Thus was the question of a return to the Bimetallic standard AGAIN SIDE-TRACKED. The moneyed interests controlled both the leading parties and no third party came prominently forward with Bimetallism as the principal issue. The third party took for the chief issue, the coining of paper money by the government in place of the bankers, and so was called the Greenback party. Furthermore, their platform put forth no criterion as to the amount to be issued.

f. IN THE CAMPAIGN

the question of the restoration of silver was not brought forward to any extent. The moneyed interests, however, were evidently afraid that the Democratic party, if it should succeed would restore silver, for after the campaign was finished President-elect Garfield wrote John Sherman: "The success of the election is very gratifying. **The distrust** of the Solid South and **of adverse financial legislation have been the chief factors in the contest."** [1] (See also illustration next page.) **Of course New York State returned Republicans electors,** her Republican plurality over the Democratic vote being 21,033; majority over all, 5,862. And the Republican nominee, pledged to maintain the gold standard, with its falling prices, **secured enough votes throughout the Union to elect him to the Presidency.** But how were these votes secured from those whose vital interests lay in stable general prices—Stable Money? **Was not Major-General Hancock a Union Soldier, tried and true?**

[1] Recollections of John Sherman, p. 789.

THE NATIONAL CAMPAIGN OF 1880.

Yes, he was, BUT HE WAS DEFEATED BY IGNORING THE MONEY QUESTION IN THE CAMPAIGN, WHILE THE MONEYED INTERESTS "KNIFED" HIM AND AT THE SAME TIME APPEALED TO SECTIONALISM AND SELFISHNESS. Listen to this additional inside history: During the campaign the Republican nominee wrote, "The argument of the 'Solid South' is well enough in its way and ought not to be overlooked, but we should also press those questions which lie close to the homes and interests of our people," i. e., the Tariff Question.[1]

g. UNITED LABOR PARTY. — UNION LABOR PARTY.

This year there was no third party of any prominence. The Prohibition party met in convention May 30. In their platform the money question was not referred to. The United Labor party was formed February 22, 1887, at a convention held in Cincinnati. It was a combination of "the Knights of Labor, the Agricultural Wheelers, the Corn Growers, the Homesteadry, Farmers' Alliances, Greenbackers and Grangers." Its national convention was held at Cincinnati, May 15. On the money question it asked that paper money "be issued directly to the people without the intervention of banks, and *loaned to citizens on land securities at a low rate of interest.*"

Another party, the Union Labor, "drew its support from the Greenbackers and farmers' organizations and the older labor reformers. The convention was held in Cincinnati one day later than the United Labor convention."

It is important that General Garfield's position on the Silver Question be thoroughly understood.

42. *General Garfield's Position on the Silver Question.*

It was briefly set forth on the floor of the House, February 12, 1878. He said he was in favor of the Senate amendment for the purchase of silver bullion by the government.[2] As the gold standard votes were cast for the silver purchase bill *in order to head off the free coinage of silver*, it may be inferred that General Garfield was known to the moneyed interests as favorable to the gold standard. Certain it is that in the Convention which nominated him, **96 of the 99 votes which had been steadily cast for Mr. John Sherman were thrown for General Garfield.** And July 19, 1880, Mr. Sherman wrote Mr. Garfield, saying: "I hope Congress will come together next winter *in such temper that it may arrest the coinage*

[1] Letter of Mr. Garfield to Mr. Sherman, September 25, 1880, published in "Recollections of John Sherman," page 787.

[2] Congressional Record, p. 1279, second session, 45th Congress.

of the silver dollar, if it will not change the ratio. This question, however, is a **very delicate one to discuss in popular assemblies,** and I propose, therefore, in my speeches **to make only the faintest allusions to it,** not surrendering, however, OUR VIEWS UPON THE SUBJECT, FOR UPON THIS, I TAKE IT, WE ARE ENTIRELY AGREED."[1]

Mr. Garfield in his Letter of Acceptance did not specifically mention the silver question, but said that resumption had "brought into use our store of gold and silver. The circulating medium is more abundant than ever before. The great prosperity which the country is now enjoying should not be endangered by *any violent changes or doubtful financial experiments.*"

As we have pointed out, "good times" were the order of the day in 1880, owing to the rises in general prices which followed the German and French inflation of the currency.

43. *A Second International Monetary Conference.*

"An effort was made in 1880 by France to secure a monetary conference at Paris in November of that year. This effort failed, but the co-operation of the United States was obtained, and on the 8th of February the Foreign Secretary was able to announce in a council of Ministers that the Government of the United States had agreed to the proposition of France for an International Monetary Conference to consider the question of a more general adoption of the double standard of gold and silver."[2] Invitations were issued jointly.

The government of England when questioned in the House of Commons "stated that England **could not consent to discuss** [even], **the principle of bimetallism** and had declined to take part in the conference; but the Indian government would send a delegate **who would not,** however, **participate in the discussion.** The other colonies might also be represented." Later it was stated "that Mr. C. W. Fremantle, deputy-master of the British mint, would be present during some part of the proceedings."[3]

The Conference met in Paris, April 19, 1881; sixteen governments were represented.[4]

At its second session the delegates in the names of their governments declared as follows:

[1] Recollections of John Sherman, p. 779.

[2] Appleton's Cyclopædia for 1881, p. 60.

[3] Same citation.

[4] Austria-Hungary, Belgium, Denmark, Germany, Great Britain, Greece, Italy, The Netherlands, Portugal, Russia, Spain, Sweden and Norway, Switzerland, France, United States.

The Attitude of the European Governments.

For **England,** it was said: "They do not permit me to vote upon the propositions which may be submitted to you."

For **India,** "its delegates are not authorized to take part in the votes."

For **Canada,** "while authorized to vote on the questions submitted to the Conference, such action must not be considered as prejudicing the future action of Canada."

"As the **Danish Government** has no intention of abandoning the gold standard introduced in the country a few years ago, I have received instructions on the part of my government to abstain from all discussion of the manner by which the bimetallic system could be regulated."

The **Portuguese** government accepted the invitation as a matter of courtesy, "but it frankly states that its monetary system now in force would not allow of its entry into the bimetallic union now contemplated."

For **Austria-Hungary** it was said that if any of the delegates "should think proper to take part in the discussion it would only be to express his personal opinions."

And the same was practically the case with **Sweden and Norway.**

Germany would not enter into the free coinage of silver but "during a period of some years it would abstain from *all* sales of silver and during another period of a certain duration **it would pledge itself to sell annually only a limited quantity,** so small an amount that the general market would not be glutted thereby."

In response to an inquiry from the United States Minister at London and the Italian Ambassador at London, the British government addressed a note to the **Bank of England. Its reply** was forwarded to the Conference and was as follows: Under its charter it has the option to issue paper money for silver, but this issue is limited to one-fourth of the gold held by the bank in the issue department, and it is obliged to pay all notes, in gold on demand. Silver bullion, it said, would reappear as an asset in the issue department if "other countries would insure the certainty of conversion of gold into silver and silver into gold." So long as this were done "the Bank of England, agreeably with the act of 1844, would be always open to the purchase of silver."

This offer it will be observed did not state that any considerable quantity of silver would be carried. It was simply a proposition to make silver bullion "an *asset* in the issue department," and that "the Bank of England would be always open to the purchase of silver" upon con-

dition that "*other countries* **would insure the certainty of the conversion of silver into gold.**" [1]

During the summer of 1881 President Garfield was assassinated. Vice-President Arthur, of New York, became President.

When Congress convened in December (1881), the Secretary of the Treasury in his annual report and President Arthur in his message **recommended the suspension of the coinage of the silver dollar** UNTIL THE EUROPEAN COUNTRIES SHOULD JOIN IN A BIMETALLIC UNION. In other words, they recommended that we stop coining silver until the creditor countries of Europe should join with us in lessening the value of credits—an improbable action on their part. See page 381.

In case the coinage of silver should be continued, they recommended that the issuance of silver certificates be stopped.[2] **This of course would make silver money less convenient.**

In addition to the above there were

44. *Other Efforts to Secure the Unconditional Repeal of the Silver Purchase Law.*

From the time the first silver coins were struck under this law in 1878, the moneyed interests steadily circulated the report that as soon as the government paid out any of the silver dollars then the country would be upon a silver basis.[3] This was a Plausible Fallacy. **Its refutation** is the fact that the Bank of France (which is practically a department of the government) has *since 1873 paid out silver whenever it chose to and the country has remained upon a gold standard of prices.* The reason this is so is that the quantity of silver money *is limited.* For the United States to go to a "silver basis" is for the dollar to have an exchange value equal only to that *of 412½ grains of standard silver.* In 1879 for the United States to have gone to a "silver basis" would have necessitated a rise in the general prices of commodities of 10 per cent; and it is manifest that this would not come about through the government's paying out silver money instead of paper money or gold; the government paying out silver money in France did not raise prices and would not have done so in the United States. In fact the bankers claimed, *and properly, too,* that as fast as silver money went into circulation, *it did not raise prices above the level in other gold standard countries,* for it drove out gold which, as bullion, was exported into those countries.

[1] Page 475 of Proceedings of Conference.

[2] Appleton's Annual for 1881, p. 65.

[3] Statements to this effect occur in the daily papers of 1878, also in Laughlin's History of Bimetallism in the United States, p. 210.

The banks not only said: "If the Government pays out silver we immediately go to a silver basis," but **they in various ways discriminated against the silver dollar and the silver certificate.** The New York banks refused to receive silver money upon deposit, only under a *special contract to pay back silver money.* In the same notice it declined to receive gold money as a special deposit, thus helping the Government to resume specie payment, but in *gold only.*

Furthermore, the bankers agreed among themselves that payments of balances at the clearing-house should not be paid in silver certificates or in silver dollars except in sums under ten dollars.

In 1880, Secretary of the Treasury John Sherman in a personal letter to General Garfield, soon after the latter's nomination for the Presidency, said: "**The silver law threatens to produce within a year or so a single silver standard,** and already there is a feeling of uneasiness in New York as to whether we can maintain resumption upon the gold standard while the silver law remains. I COULD AT ANY MOMENT, BY ISSUING SILVER FREELY, BRING A CRISIS UPON THE QUESTION, but while I hold my present office I certainly will not do so until the gold reserve is practically converted into silver, a process that is going on now at the rate of nearly two millions a month."[1]

At this time the silver purchase act of 1878 had been in operation about two years and there had been coined but a little over 60 millions of silver dollars. The way in which the paying out of silver money would have resulted in a crisis would be by the bankers *pretending to be scared*—just as was done in 1884, and again nine years later—1893.

An example of **how the bankers bring about a crisis whenever they really determine to do so** is the financial crisis of February, 1881.

45. *1881: The Bankers Through Conspiracy Cause a Panic.*

January 19, 1881, a bill passed the House to refund a large quantity of bonds at a much lower rate of interest (3 per cent) and it provided that after the following July the banks which should take out circulation should deposit as security these 3 per cent bonds. The Senate, with one or two trifling amendments, approved the bill and returned it to the House. Then there "occurred a sudden and *simultaneous* action of the national bankers of New York city and of a number in other parts of the country, in withdrawing gold and United States Currency from circulation to deposit with the Government for the purpose of redeeming their bank currency. Proceeding thus *in concert* while the obnoxious 3 per cent funding act was awaiting the final action of the House of Representatives and the approval of the President, they brought Wall street

[1] Recollections of John Sherman, p. 779.

to the extreme verge of a money panic. The tone of the money market was only partially restored by an order of the Secretary of the Treasury for the redemption of $25,000,000 of bonds on presentation. These bonds did not come in fast enough to afford much material relief, but the moral effect of the order was to allay anxiety and prevent serious embarrassments. About $5,000,000 were purchased, and money flowed in from other sources after a week of severe strain. **There were about $18,000,000 of gold and legal tenders deposited by the national banks throughout the country, principally those of New York,** to enable them to withdraw their bonds. The rate of money on call loans rose on the 26th to **1 1-2 per cent a day commission in addition to the legal rates** [371 per cent per annum], from which point it receded in five or six days to the normal low rates. **Stocks fell heavily** on the 25th but recovered in a few days." [1]

THE BANKERS SUCCEEDED IN KILLING THE BILL, for President Hayes returned it to Congress with his veto (March 3) and it was not passed over his veto.

The following autumn Secretary of the Treasury Windom, in his report to Congress, recommended that the national banks be prohibited from withdrawing their circulation, except after giving timely notice. President Arthur concurred in the recommendation, saying: **"Such legislation would seem to be justified by the recent action of certain banks** on the occasion referred to in the Secretary's Report." [2]

BUT SUCH A RESTRICTION HAS NEVER BEEN PLACED UPON THE BANKERS. Professor Laughlin told the truth when he said that "the rich know how to take care of themselves;" "the rich who can buy the legislatures, who can maintain a lobby, they are the ones to profit most in any contest at getting favorable legislation." [3]

The above is presented to you as an illustration of the Power of the Bankers. We will next proceed with the History of General Prices.

You will remember that in 1879 there was a large quantity of paper money issued in Europe to raise prices and thus bring back prosperity *and kill the sentiment for rising prices.* This sentiment was "killed," and the second International Monetary Conference showed that the European countries would not raise prices through the free coinage of silver.

With the bimetallic sentiment practically "killed" and no danger of international bimetallism, **the moneyed interests went merrily to work increasing the exchange value of money in the gold standard countries.**

[1] Appleton's Annual for 1881, p. 129.
[2] Annual Message to Congress; Appleton's Annual, 1881, p. 779.
[3] Quoted above, p. 307.

46. *Falling Prices for 1882-1884.*

The Cause.

The paper money issued in Germany and France was gradually withdrawn. This tended to lower general prices, but prices usually do not fall as rapidly as is the contraction in the money—the basis of credit; it is not until a panic comes that the loss of the basis is much felt, but at that time everything tumbles. (See opposite page.)

Besides the contraction in paper money, Germany and France strengthened their gold reserves.

In Italy from 1881 to 1883 gold was imported to the amount of $60,000,000, and quantities of paper money were retired and burned with a view to resuming specie payments.

At the same time the change from the silver standard to the gold standard was continued in Holland, Denmark, Sweden and Norway.

This contraction in the volume of money tended to produce falling prices.

In addition to the increased demand for gold above mentioned, there was the fact that the populations of the gold price countries were increasing faster than was the output of gold from the mines. [1]

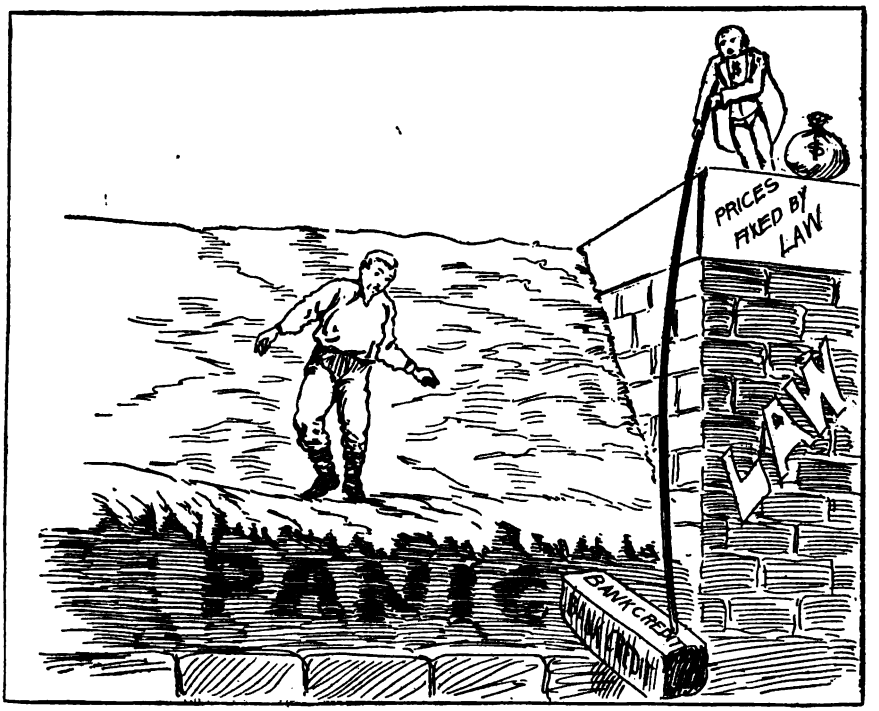
[1] The following is an able editorial on "The Monetary Circulation" in the **Bankers' Magazine of New York** for July, 1884, page 4:

"Taking all the component elements of our monetary circulation together, the increase during the year may be computed at $10,000,000, which is **clearly a less increase than it required to sustain prices in a rapidly growing country like the United States.**

"It is not agreed what the measure of the increase of money in such a country would and must be in order to maintain prices, but if we take as the measure *the expansion of population*, which is *the smallest measure* proposed by writers upon such subjects, **the annual increase of money in the United States should now be about $40,000,000.**

"The actual increase of only $10,000,000 during the year ending on the 31st of May was accompanied, as is universally recognized, by a distinctly marked, although not ruinously great, *decline in the general range of prices.*

"**As to the future,** the general range of prices *must continue to decline unless the volume of money is increased in proportion to the population at least.*" After a statement to this effect the article proceeds to point out that at that time (July, 1884) there was no likelihood of such an increase in the volume of money, and that therefore **the country was to look forward to a continuance of falling prices with the consequent depression in all lines of business.** And such proved to be the case; prices in general continued to fall until 1888. At this time they took a 2 per cent upturn for each of two years, then were stable for three years and then fell and fell until in January and February, 1895, they were but 73 per cent of the general prices of 1883. These falling prices were predicted, also, by Professor Laveleye of the University of Liege, Belgium. In a letter to an economist of France, he said:



"IT IS NOT UNTIL A PANIC COMES THAT THE LOSS OF THE BASIS IS MUCH FELT, BUT AT THAT TIME EVERYTHING TUMBLES."

And with falling prices the tendency to hoard money and thus withdraw from circulation increases in proportion as the fall increases: **falling prices tend to the hoarding of money just as rising prices tend to unlock the money which has been hoarded** (page 190 above).

Furthermore, the use of gold in the arts was increasing while at the same time the annual output of gold from the mines was decreasing

Prediction of Prof. Laveleye.

"At a time when the commerce of the world increased rapidly, when new countries absorb the coinage, and when the production of gold decreases, we throw aside silver, which up to 1870 was the principal monetary metal in the world, except in England, and as a consequence the coinage of silver in Europe falls to one-tenth of what it had been.

"Now, then, can there fail to come a fall in prices in spite of the increase (which is a very slow affair) in the instruments of credit, *which are based and dependent on cash?*

"The suspension of the Bland bill will soon give us a complete experience of gold monometallism.

"Surely there will be always enough currency, because prices falling on account of the scarcity, we must carry on exchange with less money; **often we shall pass through international crises to arrive finally at general falls in values, leading to the ruin of all debtors for a long time.**" (Bankers' Magazine, New York, March, 1885, p. 681).

(page 522 above). And this decrease in the output was in the face of the fact that gold during 1884 had appreciated 31 per cent over the average of the eleven years 1867-77.[1]

The record of the fall in general prices by years was as follows: During 1882, 1 per cent; 1883, 2 per cent; 1884, 6 per cent.

Effect of Falling Prices.

As a result of the falling prices those engaged in producing commodities were trying to protect themselves from losses. They curtailed production and the country suffered from "business depression."

During 1883 the fall in general prices continued and the record for the year was one of **"a growing commercial depression."**[2] When Congress assembled in 1883, many bills were brought in concerning money. This was highly proper when it is considered that money is law-made, and when issued in sufficient quantities puts a stop to falling

[1] Sauerbeck's Table of Prices.

[2] Appleton's Annual for 1883, p. 332. And it further says: "A continuous decline in the value of stock in the face of the heaviest returns of railroad traffic and earnings ever made was the most remarkable feature of the year."

In France during 1883 "the distress among the working people, owing to commercial stagnation and the severe winter, was greater than it had been for many years. * * * The task of providing work for the unemployed was tacitly assumed by the Republic from the beginning, though not freely acknowledged by responsible statesmen." "March 9th an open-air meeting of Parisian artisans out of work was convened 'to call upon the government to take immediate measures to **provide bread for those who had none;**' * * * The meeting was held on the Esplanade des Invalides. About four thousand people assembled, a considerable portion of whom were actually distressed mechanics in the building-trade and Paris industries. * * * Suddenly at a signal cry the crowd (headed by Socialists) started for the Presidency but were driven back by the police. When the passage of the Bridge de la Concorde was opposed by the police the mob made a show of resistance and a brief struggle took place before they retired. A band of those who did not join the demonstration on the Elysee followed Louise Michel up the Boulevard. Some of them entered the bakers' shops demanding bread. If the shopkeepers refused to give them loaves they broke the windows and helped themselves. * * *

"The carpenters' demonstration and march on the residence of President Grévy was only one of many signs that the French workingman, now pinched by hard times, was determined to call the Republic to account for neglecting social legislation. The excitement was intense among all classes. **The political parties all endeavored to make capital out of the situation.** The Bonapartists and Legitimists accused the Republicans of having brought the distress upon the working-class, and were themselves accused of having instigated the riot of March 9th, and of being in league with Anarchists. * * *

"A second demonstration was attempted on Sunday, March 11th, but the government adopted vigorous measures for the repression of revolutionary agitation." (Appleton's Annual for 1883, title, France).

prices. But among the bills were some by the Creditor Class for suspending the coinage of silver under the silver purchase act, and retiring the silver certificates. This *shutting off of the supply of silver money without providing for an increase in the volume of money through the use of silver in some better way* **was opposed by a vast majority in Congress.**

47. ***Further Contraction Advocated by Beneficiaries of Falling Prices.***

Those favoring the appreciating gold standard, were, in their endeavor to secure an *unconditional* repeal of the silver purchase law, **assisted by the President of the United States** through his subordinate, the Sub-Treasurer at New York.

An Object Lesson to Congress.

February, 1884, the Sub-Treasurer of the United States at New York, through an assistant, addressed an informal inquiry to the President of the New York clearing-house *as to the effect of the government paying its clearing-house balance in silver money.* **This was used by the bankers to precipitate a crisis.** If in 1880 the Secretary of the Treasury "could at any moment, by issuing silver freely, bring a crisis upon the question," the effect four years later with the additional quantity of silver would, of course, *produce a much graver crisis.* The Executive Department of the Government was *under no necessity of furnishing this excuse for a crisis,* and this is shown by the fact that **the government did not** pay in silver its balances due to the clearing-house. **The reason for bringing on the crisis was,** of course, TO INFLUENCE LEGISLATION. No other motive is discernible. The following facts point to the motive suggested:

President Arthur in his annual messages had repeatedly advocated the unconditional repeal of the silver purchase act. He had also advocated the extension of the circulation of national bank money. In his his message of December 4, 1883, he advocated a law for "repealing the tax on circulation and permitting the banks to issue notes for an amount equal to 90 per cent of the *market* value, instead of, as now, the face value of their deposited bonds." Up to the 21st of February **these two measures were meeting with defeat.** February 12th the Senate Committee on Banks and Banking brought in a bill (McPherson bill) to increase the national bank circulation. The principal opposition came, of course, from those who advocated the increase in circulation through the use of silver. *To head off the sentiment favorable to silver and so give an advantage to those advocating an increase of the circulation through national bank money,* the Administration, through its Sub-Treasurer at New York, addressed an informal inquiry to the New York clearing-house, February 21st, as to *the effect* of the Government paying its clearing-house bal-

ances in silver. **This,** as we have stated, **was used by the bankers to precipitate throughout the country a commercial crisis and thus bring silver money into disrepute.**

Two days after the Sub-Treasurer sent his note to the clearing-house the McPherson bill *was forced through the Senate,* **but "the House took no action on the measure."** [1]

An *additional reason* for checking the silver sentiment through the threat to pay the Government balances in silver was the fact that **in the House a silver debate was taking place.** February 18, 1884, a bill for the retirement and recoinage of the trade dollar was taken up to the House, but "the debate drifted into a discussion of the whole question of silver coinage."[2] **It was three days after this debate began that the President threw the business world into convulsions by threatening to bring the country to a silver basis.** A fable recited by Professor Laughlin and applied to the action of the Executive is set forth below.[3]

[1] Appleton's Annual for 1884, p. 218. McPherson, whose name is appended to the above bill **to increase the privileges of the national banks,** was and is a Senator from New Jersey. In discussing the silver-purchase bill in 1878, he spoke in favor of the gold standard, making the absurd claim that gold *does not fluctuate in its exchange value.* He said: "The business interests of the country require and demand an *unchanging* standard of value. * * * In the commercial world *gold is king.* Gold counts the cost, markets the goods, and measures the margins of profit and loss." (Congressional Record, p. 963, second session, 45th Congress).

In the debate on the McPherson bill in the Senate, the increase of bank privileges was advocated by Mr. Bayard of Delaware, who took the lead for his side of the question. He is at the present time (1896) United States Ambassador to the Court of St. James. In 1878, in the discussion of the silver purchase act, he was manifestly a gold standard advocate. (Congressional Record, second session, 45th Congress, p, 732). Later we will again run across both these "tools" of the money power.

[2] Appleton's Annual for 1884, p. 218.

[3] President Arthur's Conduct Compared.

"In a populous town there was once placed a cage of wild beasts, and in the very beginning the frailty of the bars gave people considerable alarm; but the mere fact that the creatures did not get out convinced passers-by, in the course of years, that there was really no danger after all, and men hurried past the animals, hearing the sound of their baffled ferocity, but gave them no great attention. Therefore, when, on an uncomfortable day in late winter, one of the sub-keepers of the beasts carelessly sauntered in front of the cage, and casually remarked that the bars of the cage were almost gnawed through (he was sorry he could not help it), and asked the by-standers what they thought of it, it is not to be wondered at that a sudden paroxysm of alarm seized even sensible men, and that there ensued a general attempt to put a barrier between them and possible harm. The expression of seriousness under the assumed carelessness of the sub-keeper's manner **seemed to imply that he was acting under directions from his superior,** and that it meant something. The alarm spread at once. For many years silver dollars, like the

48. *The Leading Cause of the Panic of 1884.*

We will now show how the business interests of the country were injured by the silver "scare." The effect of the inquiry as to the Government's paying its clearing-house balances in silver was this: **It was said that silver dollars would circulate at their bullion value and thus gold be at a premium.**[1]

The outlook for such a condition of affairs produced widespread consternation and with the following effects:

(1.) Deposits with banks were withdrawn and gold hoarded, thus tending to bring to a standstill the principal industries of the country.[2] At the same time

(2.) the bonds and other securities held in Europe were resold in the United States very largely, and thus payments in money became due from the United States, and as a result gold, of course, flowed from from this country to Europe. "The exports of gold during the three months ending with the close of April amounted to about $32,000,000, indicating the absorption of $21,869,100, drawn from the treasury in this interval."[3] And

beasts in our fable, were kept confined in the Treasury, and the Government was not forced to make payments in gold; but on *the 21st of February, 1884, it was believed that the silver was to be let out.* The sub-keeper of the fable was, in fact, the Sub-Treasurer in New York city, who addressed the manager of the Clearing-House Associaiton on the probable effect of his paying Government balances at the Clearing-House in silver dollars. This alarm, however, passed by, for no attempt to pay in silver was finally made at that time." (The History of Bimetallism in the United States, 1885, p. 212).

[1] February 29, 1884, a special telegram from New York to the Chicago Inter-Ocean said: "If the Government resorts to paying its balances at the clearing-house in silver it will have the effect of *putting the gold at a premium and the business of the country will be transacted on a silver basis instead of gold.*"

Mr. Sherman in the letter written in 1880 and quoted above says: "The silver law threatens to produce within a year or so a *single silver standard.*"

[2] Evidence on this point is as follows: Appleton's Annual for 1884 says (p. 186): "In 1884 the influx of money into the United States incident to the movement of crops began as usual with the beginning of the year, but it was arrested by the middle of February *in consequence of the silver scare*, which at once caused a hoarding of gold, the withdrawal of deposits [from money centers] by interior banks, and stimulated exports of gold to Europe."

[3] Appleton's Annual for 1884, p. 326. On the following page it is said: "Early in February the suggestion that the treasury would soon have to settle its debit balances at the clearing-house in part with silver certificates tended to alarm foreign bankers. Exchange advanced to the gold-exporting point and it was strong during February, March and April, and **by the end of the last named month $32,000,000 of gold had been exported.** The panic in May, by suddenly advancing the rate for money in the United States, unsettled exchange, which fell sharply and

(3.) After the silver scare in February the country banks did not return the funds withdrawn at that time.[1] There was this further fact:

(4.) The inquiry to the clearing-house as to the effect of paying the Government balances in silver certificates led bank depositors to fear that silver certificates might be forced upon the banks by the Government and the banks in turn force the silver certificates upon them. As a consequence **"the bank deposits were down to $333,215,800 by the beginning of May."**[2]

As a result of the foregoing "the months of February, March and April were characterized by commercial failures," and **early in May a severe commercial crisis was reached.**[3] It attained such a severity that "banks positively refused to loan, even upon Government bond collateral, and consequently money commanded **3 per cent per diem commission and interest"—1101 per cent per year.**[4] To supply, in a measure, the urgent demand for money, members of the New York Clearing-House Association called a meeting on the afternoon of May 14th and **agreed to issue clearing-house certificates.** This eased the money market a little.[5]

so low that gold was ordered out from France and London."

[1] Appleton's Annual for 1884, p. 325.

[2] Appleton's Annual for 1884, p. 325.

[3] Report of the Comptroller of the Currency for 1884, p. 33.

[4] Appleton's Annual for 1884, p. 325.

[5] Effect of an Inelastic Volume of Money.

Comptroller of the Currency Cannon for the year 1884 says (page 33): "The suspension of the Metropolitan National Bank of New York on May 14 caused great excitement. All stocks and securities called upon the New York Stock Exchange were greatly depreciated under the pressure to sell and it was practically impossible for the banks to collect their call loans, as their borrowers could not obtain money by sale of their securities except at ruinous rates; neither could they borrow elsewhere, and it was impracticable and impolitic to throw the mass of securities held as collateral to the call loans of the associated banks upon the markets. If it had been done it is probable that a suspension of gold and currency payments by the banks throughout the country would be followed by the general panic that would have ensued. In this emergency the members of the New York Clearing-House Association, realizing that an immediate demand for deposits would be made by their correspondents, called a meeting at the clearing-house on the afternoon of May 14, and the following plan for settling balances at the clearing-house was unanimously adopted:

Clearing-House Money.

"'*Resolved*, That in view of the present crisis, the banks in this association, for the purpose of sustaining each other and the business community, resolve:

"'That a committee of five be appointed by the Chair to receive from bank members of the association bills receivable and other securities, to be approved by said committee, who shall be authorized to issue therefor to such depositing banks certificates of deposit bearing interest at 6 per cent per annum not in excess of 75 per cent of the securities or bills receivable so deposited, except in case of United States bonds, and said certificates *shall be*

"Failures and suspensions continued through the months of May and June." [1] At the end of May the Bankers' Magazine of New York said: "Business men are anxious concerning the future. So long as prices sag and no one can predict the end of the movement *there is reason for anxiety.* * * * *Prices have been constantly marching downward.* **The losses sustained must be borne by someone.** They were not fictitious losses, but real ones. We are beginning to find out where they are and who must sustain them. Whether we can reach the end or not cannot be predicted." [2]

During June the business failures continued. For July it was said: "It has not been favorable for business. There has been no panic in Wall Street, but several failures have occurred of more than usual importance. The cause of some of these has been ascribed *to the banks' withholding discounts.*" [3]

49. *Business Confidence Further Shocked.*

"In August of this year (1884) it was again believed that the condition of the United States Treasury required payments in silver." No payments in silver were made, however. [4]

We will now set forth the effect of the Falls in General Prices which had been taking place for the three years preceding August, 1884:

received in settlement of balances at the clearing-house.'

"After consultation with the officers and directors of the Metropolitan National Bank a committee of examination was appointed to visit the bank and to ascertain if some plan could not be arranged to permit it to open again for business. The greater part of the securities of the bank were found to be of such a character that loan certificates could safely be issued upon them, and **in this way the Metropolitan National was enabled to resume business on May 15 and settle its balances at the clearing-house.** The prompt action of the members of the associated banks and the resumption of the Metropolitan National Bank greatly assisted in allaying excitement and staying the panic, and although the banks in the city of New York were largely drawn upon by their country correspondents, reducing their reserve for a time below the 25 per cent limit prescribed by law, and although on account of the great depreciation of values and the stringency of the money market occasioned by the want of confidence other failures of state banks, private bankers and mercantile firms occurred in New York and throughout the country, there was no suspension of gold currency payments at any point, and the issue of loan certificates was confined to the banks of New York City, which were soon enabled to collect their loans and make good their reserve."

[1] Report of the Comptroller of the Currency, 1884, p. 33.

[2] June issue of Bankers' Magazine of New York, pages 901, 904.

[3] The Bankers' Magazine of August, 1884.

[4] Laughlin's History of Bimetallism in the United States, p. 213.

50. *The Effect of the Falling Prices.*

The editor of the New York Journal of Commerce says: "The shrinkage in stocks and bonds which continued for two years and a half after the middle of 1881 not only embarrassed the vast army of speculators but it crippled banking and commercial houses who had been carrying a large portion of the load as collateral on loans, and it caused such losses among capitalists and promoters of railroad enterprises as to make them unable or unwilling to revive or reorganize their properties when these were almost on the verge of bankruptcy. By far too many of the banks at the opening of 1884 were loaded with comparatively dead assets which they were holding in hopes of ere long being able to convert into cash. That this is true is shown by the revelations following the collapse of the Metropolitan and some other banks of the country."[1]

As to the effect of falling prices on the People's Standard of Living, it was found as early as April, 1883, that "on every inquiry of commercial travelers, we find that their sales are behind those of a year ago *in the finer classes of dry goods.*"[2]

We will next turn our attention to the National Election of 1884, and observe how the question of Falling Prices and Humpback Disturbances and Panics were treated.

51. *Campaign of 1884.*

a. THE POSITION OF MR. BLAINE.

General Garfield after his election to the presidency invited Mr. Blaine to accept the position of Secretary of State. He accepted. After the death of President Garfield, and shortly after Mr. Arthur had succeeded to the Presidency, Mr. Blaine retired from the Cabinet. In the same month (December, 1881), he was chosen by Congress to deliver the oration in the memorial services for the late President, February 27, 1882. After his withdrawal from President Arthur's Cabinet, he devoted himself to the preparation of a work entitled "Twenty Years in Congress."

As the time for another Presidential election approached, it became apparent that Blaine's hold upon the sentiment of the people of the United States had so increased that for the Moneyed Interests to head off his nomination required extraordinary measures.

b. THE EFFORT TO DEFEAT THE NOMINATION OF MR. BLAINE.

The contest began as early as January 17, 1883, at the meeting of the

[1] Appleton's Annual for 1884, p. 324.

[2] Editorial in the Bankers' Magazine of New York, April, 1883.

Republican National Committee. They met to consider, among other things, the question of the method of selecting delegates to the National Convention and the time of holding State Conventions. The autocratic and unusual action in New York and Pennsylvania in 1880 made it desirable that in the coming campaign, such high-handed proceedings should not again occur. The Committee decided that "the Republicans of the various congressional districts shall have the option of choosing their delegates at separate conventions held within the districts, or by sub-divisions of state conventions," and that "state conventions should be held not less than 30 nor more than 60 days before the national convention, and that separate district conventions when held should be within 15 days prior to the state conventions." Thus a defeat was suffered by the opponents of Mr. Blaine, **an advocate of free silver through Independent action.**

Shorn of the ability to defeat Mr. Blaine's candidacy through the use of the same tactics pursued in 1880, the moneyed interests and their "tools" were thrown upon their inventive resources. The plan hit upon was to start an Independent Republican movement.

c. THE INDEPENDENT REPUBLICAN MOVEMENT.

This movement was instituted as early as December, 1883. The place selected *for the meeting* was, of course, outside of New York City; Boston was the place selected by the moneyed interests of the United States and Europe, as the headquarters of each were in New York. A committee was formed and correspondence entered into which resulted in a call for a Conference of Independent Republicans in New York on February 23d.

At this conference an Executive Committee was appointed. "At first *only men from New York were selected,* authority being given **to them to add representatives from other States.** Circulars were sent out setting forth the object of the Independent Movement and inviting co-operation, and on May 12th the Committee sent a circular letter to the delegates to the Republican National Convention." [1]

The reasons *given to the public* by the "Independent Republicans," as they styled themselves, was "Administrative Reform"—"the divorcement of the public service from party politics." No doubt a large number of those who took a leading part in this movement were really desirous of accomplishing a reform in the civil service, but when the movement is carefully looked into it is undeniably true that those who were pushing the movement were Gold Standard Advocates of a most pronounced type, and that **they fought Bimetallists by urging**

[1] Appleton's Annual for 1884, p. 767.

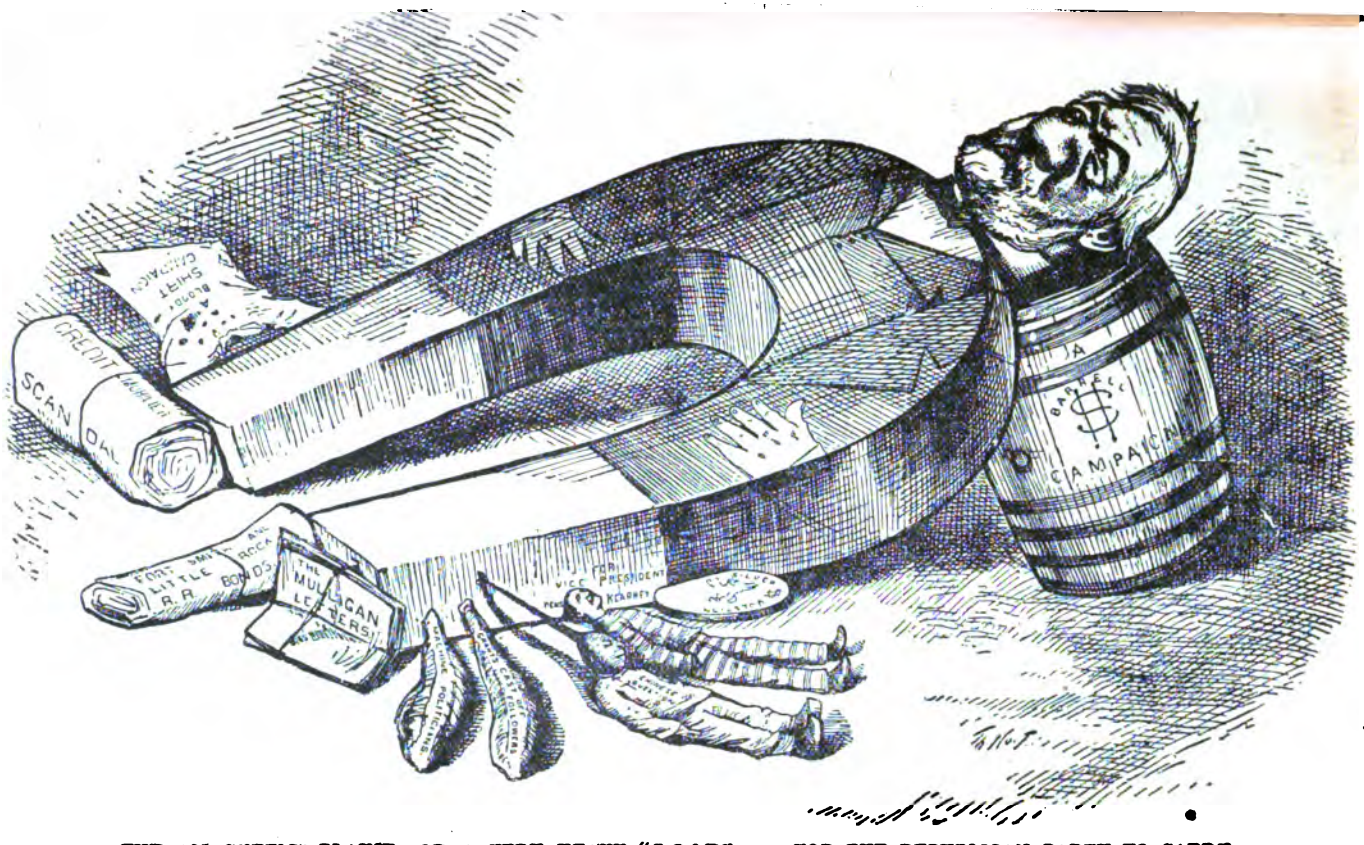
that they (the Bimetallists) were against Civil Service Reform. They did not "come out into the open," for to have done so would have brought the Money Question *before the people.* Among the leaders in the Reform (?) movement was George William Curtis with his Harper's Weekly of New York City, and **this paper fought Blaine with the Mulligan Letters** and the Investigations in Congress, *none of which had smirched him;* see above. **It inadvertently exposed the real objection to Blaine,** for in reproducing, in miniature, its earlier cartoons against him to show that its dislike was not recent, among them was one of May 8, 1880, representing a large magnet with Blaine's head on it and sticking to it among other things a silver dollar marked **the "Silver Question" "$,"** and one of March 18, 1882, representing a bull in a china shop with Blaine's head on the bull, and around the neck a collar to which was attached a silver dollar marked **"85c $ Statesman."** (See next two pages). In short the "Independent Republicans" of 1884 were of the Curtis-Schurz stripe of 1876 and 1880. At this time (1884) they had no additional evidence of corrupt politics on the part of Mr. Blaine (see Harper's Weekly), and so were obliged to rely upon the charges which they brought against Blaine in 1876, and the Mulligan letters—letters which in the words of the Democratic Louisville Courier "Blaine threw in the face of the public, and lo! there is nothing in them."

The effort of the Independent Republicans to defeat Blaine through the cries of "corruption" because of his attitude on the Money Question, we find *paralleled in 1892* by the moneyed interests in New York defeating bimetallist Hill under cloak of the cry "snap convention." Direct evidence on this point has been given by Banker Salomon and will be presented to you in due time.

d. NEW YORK STATE REPUBLICAN CONVENTION.

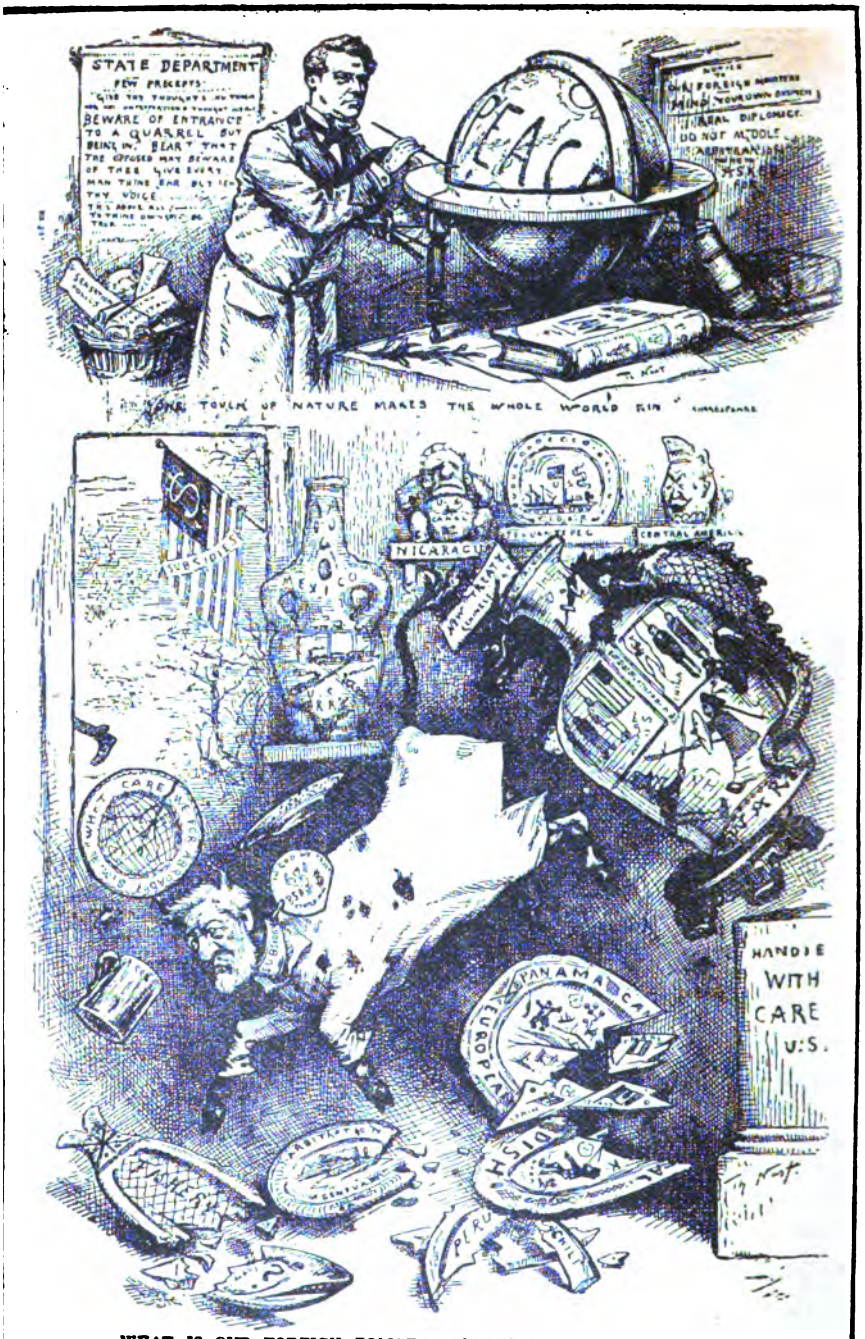
The Republican State Convention was held in New York on the 23rd of April. "The option of choosing the district delegates in district conventions not less than 15 days prior to the state convention was announced. There was some controversy over the question of holding district conventions, *but they were in every case held, leaving to the state convention only the choice of delegates at large,*" **thus the opponents of Mr. Blaine were unable to bring against him in the National Convention a solid delegation.** This, of course, was the outcome of the decision of the National Convention four years before and its reiteration by the National Committee.

In the choice of delegates at large, "the friends of Arthur and Blaine were very nearly equally divided in the convention and **the balance of power was held by 76 representatives of the Independent element** who favored the nomination of Senator George F. Edmunds of Vermont



THE "*MAGNETIC*" BLAINE; OR, A VERY HEAVY "LOAD"-STONE FOR THE REPUBLICAN PARTY TO CARRY.

From The "Independent" Republican "Harper's Weekly," of May 8, 1880.


STATE DEPARTMENT
FEW PRECEPTS
BEWARE OF ENTRANCE TO A QUARREL BUT BEING IN, BEAR THAT THE OPPOSED MAY BEWARE OF THEE. GIVE EVERY MAN THINE EAR BUT FEW THY VOICE
PEACE
ONE TOUCH OF NATURE MAKES THE WHOLE WORLD KIN
NICARAGUA
HANDLE WITH CARE U.S.
PANAMA CANAL

WHAT IS OUR FOREIGN POLICY?—(FRELINGHUYSEN —— BLAINE.)

From HARPER'S WEEKLY, March 18, 1882.

(gold standard advocate[1]) for president. **These "Independents,"** by skillful management and a combination with the Arthur men, **secured the choice of the delegates at large to the Chicago Convention.**[2]

The platform adopted in the New York convention contained A STRAIGHT-OUT GOLD STANDARD PLANK. It said that the Republican party of the state expresses "its adherence to a sound financial policy which dictates *the immediate suspension of the coinage of the standard silver dollar*, the retirement of the trade dollar, and **the inflexible adjustment of the currency to the single standard of gold."**

e. THE REPUBLICAN NATIONAL CONVENTION.

When the Republican National Convention met in Chicago, June 7, 1884, it was found that the Blaine sentiment was strongest in the West and in the states of Maine and Pennsylvania; that favorable to Arthur came from the East and the office-holding element of the South; Edmunds had the delegations from Vermont and Massachusetts, together with the delegates at large from New York and a few votes from other sources. **Thus the moneyed interests controlled the Eastern vote, except that of Maine and Pennsylvania.** In the choice of permanent Chairman it appeared that **the Edmunds men held the balance of power** as they elected one of their number. A straddle on the silver question was also secured, the plank reading:

A Straddle on the Silver Question.

"We have always recommended the best money known to the civilized world, and we urge that an effort be made *to unite all commercial nations* in the establishment of *an international standard* which shall fix for all the relative value of gold and silver coinage."

The Balloting.

On the first ballot, which took place on the 4th day of the Conven-

[1] That Mr. Edmunds was a gold standard advocate is the following evidence: He came from a section where the prevailing political power placed in that position only those who advocated the appreciating gold standard. Senator Edmunds in discussing the Allison Silver bill in 1878 thus characterized the double standard: "It is the thimble-rigging which I believe, in the shows I have gone to, always requires two thimbles and *the pea is put under the one that always cheats the public.* **That is your double standard, Mr. President, and it is nothing else."** (Speech in the Senate, February 15, 1878, Congressional Record, p. 1082, second session, 45th Congress.) In 1880 the New York Times presented Senator Edmunds as a desirable party for the Republican Presidential nomination, urging that on the Money Question he was **as sound as either Mr. Sherman or President Hayes.**

[2] Appleton's Annual for 1884, p. 583.

tion, Mr. Blaine received 334 1-2 votes; Mr. Arthur, 217; Mr. Edmunds, 93; John A. Logan of Ill., 63½; John Sherman, 30; Joseph R. Hawley of Conn., 13.

On the second and third ballots no important changes occurred except that Mr. Blaine kept gaining a little and Arthur, Edmunds, Logan, and Sherman losing a little. In this third ballot, Mr. Blaine lacked but 35 votes of receiving the majority and the nomination, On the fourth ballot Senator Logan, who had received 53 votes on the third ballot, telegraphed his friends to support Mr. Blaine, which they all did excepting 7. *This nominated Mr. Blaine.* During the course of the ballot, however, Arthur lost 67 votes, Edmunds 20, and Sherman 25.

Senator Logan was nominated for Vice-President without opposition.

f. THE "BOLT" OF THE "INDEPENDENT" REPUBLICANS.

The nominations in the Republican National Convention were, of course, flatly opposed to the interests of those benefited by an appreciating money. The financial plank, while it was safely gold standard, was, nevertheless, *no bulwark against Bimetallism through Independent Action,* **as it had been placed there through the efforts of the moneyed interests,** WHO, WHEN IT CAME TO THE PRESIDENCY, WERE UNABLE TO CARRY THEIR POINT.

On the 9th day after the nominations had been made, a conference of "Independent" Republicans was held in New York City, called by the Independent Committee formed for this purpose in case their efforts in the convention should be unsuccessful. They adopted the following resolutions:

The Manifesto.

"Whereas, We are met in conference as Republicans and Independents to take action **in opposition to the nominations of James G. Blaine for President, and John A. Logan for Vice-President of the United States;** and

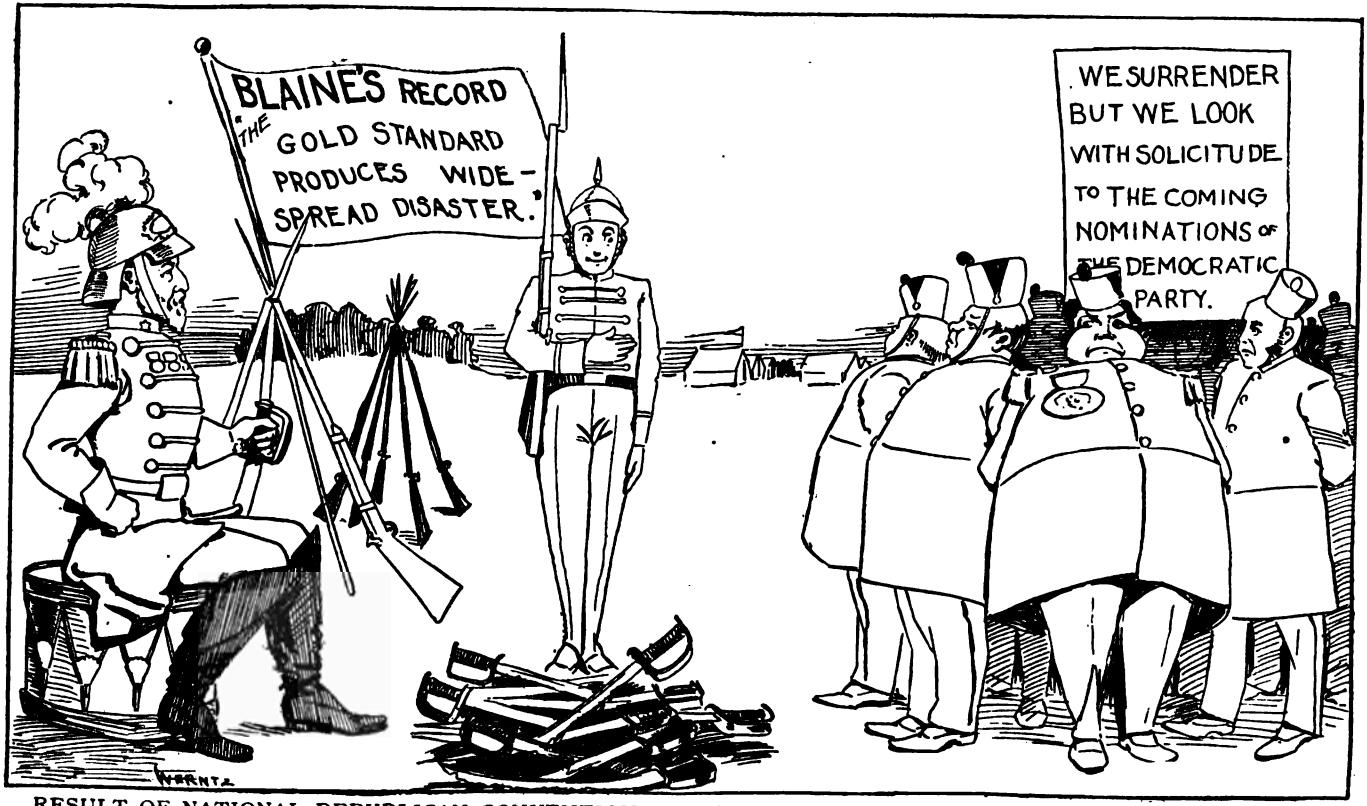
"Whereas, These candidates were named **in absolute disregard of the reform sentiment [?] of the nation,** and representing political methods and principles to which we are unalterably opposed:

"Resolved, That it is our conviction that the country will be better served by opposing these nominations than by supporting them.

[Observe that there is no reference to the Money Question.]

"Resolved, That **we look with solicitude to the coming nominations by the Democratic party** [see opposite page]; they have the proper men, we hope they will put them before the people for election.

"Resolved, That a committee of twenty-five members be appointed


BLAINE'S RECORD
"THE GOLD STANDARD PRODUCES WIDE-SPREAD DISASTER."
WE SURRENDER BUT WE LOOK WITH SOLICITUDE TO THE COMING NOMINATIONS OF THE DEMOCRATIC PARTY.

RESULT OF NATIONAL REPUBLICAN CONVENTION OF 1884. BLAINE CHOSEN AS LEADER AND THE GOLD STANDARD CROWD DEFEATED.

whose duty it shall be, in co-operation with similar committees to be appointed elsewhere, to take without delay suitable measures for rallying and organizing the Republicans and Independents, dissatisfied with the nomination of Blaine and Logan, with a view to the holding, at as early a day as possible, of **a general representative conference** for the purpose of concerting such further steps as may be found advisable for the expression and effective enforcement of our views of public interest."

The only other anti-Blaine Republican meeting was at New Haven. Conn., June 23, at which a committee was chosen to co-operate with others having a similar purpose.

g. CALL FOR THE DEMOCRATIC NATIONAL CONVENTION.

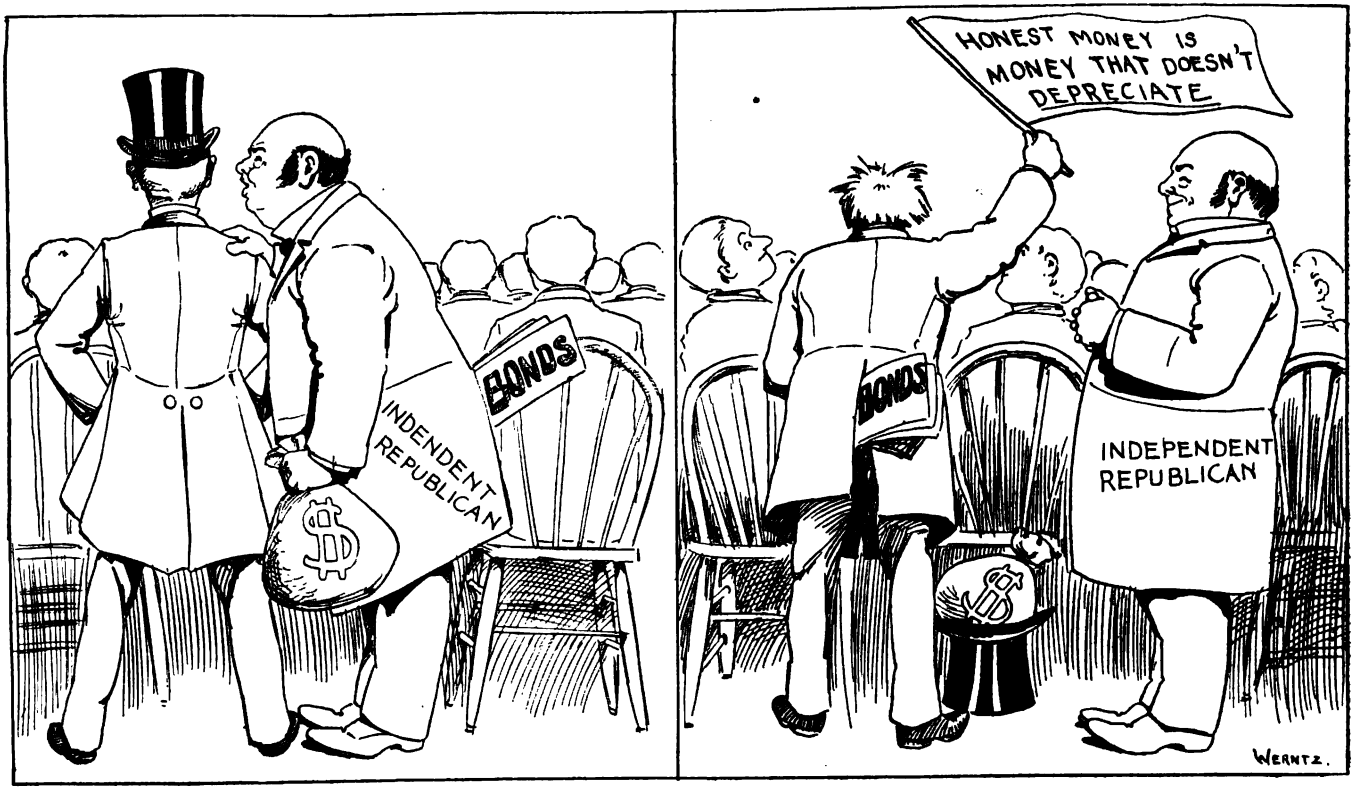
The Democratic National Committee in their call for the National Convention at Chicago, July 8th, "cordially invited * * * all Democratic, conservative citizens of the United States, **irrespective of past political associations and differences,** who can unite with us in the effort for a **pure,** economical an constitutional government" to join in sending delegates to the Convention. In the preliminary canvass in the several States, **among the "pure" men put forward as candidates were John G. Carlisle of Kentucky, Governor Cleveland of New York, Thomas F. Bayard of Delaware. Their histories will appear in the following pages.** Both Cleveland and Bayard had prospered politically because of the support of the moneyed interests, and they were put forward for the Presidency by these interests.

h. NEW YORK STATE DEMOCRATIC CONVENTION.

In New York State the call of the Democratic State Committee was in effect the same as the call of the National Committee above quoted. "The adherents of Gov. Cleveland were active in obtaining delegates to the State convention [as to how the Bankers took hold in 1892, see below, p. 481. Banker Manning was Mr. Cleveland's "Manager"]; their efforts were encouraged by the nomination of Mr. Blaine by the Republican National Convention in June, **as those Republicans irreconcilably opposed to his [Blaine's] candidacy were understood to regard Mr. Cleveland favorably."** [1]

The State convention met June 18th. "The opponents of Governor Cleveland were not united in behalf of any other candidate. When the Convention met a majority of the delegates were favorable to Cleveland; but their strength was not sufficient or the opposition was known to be too determined to justify an effort to pledge the delegates to the National Convention *to his* [Cleveland's] *support.*" They, therefore, adopted a

[1] A. R. Fiske of New York, Appleton's Annual Cyclopædia, 1884, p. 584.



THE NEW YORK STATE DEMOCRATIC CONVENTION.

The "Independent" Republicans work to secure "Honest Money" and a Cleveland Delegation.

resolution instructing the delegates to the Democratic National Convention "to enter that Convention *as a unit* and to act and vote as a unit, *in accordance with the will of the majority of the members thereof.*" **Thus was a similar autocratic action taken as that which defeated the nomination of Mr. Blaine in 1880.** In the light of this occurrence in the New York State convention the grotesqueness of the "Independent" claim that they were out for *the purification of politics*, would be laughable were it not so vitally important to Representative Government.

i. THE DEMOCRATIC NATIONAL CONVENTION.

The Democratic National Convention began its session July 8th. The Convention was soon called upon to consider whether they would permit *a majority* of the New York delegates to cast *the whole number of votes of the State.* **They decided** IN FAVOR OF THE "UNIT RULE" by a vote of 463 to 332. **Thus was Bossism triumphant and Popular Representation overthrown in the Democratic party and Banker Manning, Chairman of the New York State delegation, enabled to cast the 72 votes of New York solidly for whatever proposition the majority of delegates were agreed upon.** (See opposite page.)

The platform adopted by the Democratic National Convention was in effect **practically the same as that set forth by the Republicans,** THUS REMOVING THE SILVER QUESTION FROM THE POLITICAL ISSUES PRESENTED BY THE RESPECTIVE PLATFORMS.[1]

The balloting for President then began. On the first ballot Cleveland received 392 votes; Bayard, of Delaware, 170; McDonald, of Indiana, 56; Randall, of Pennsylvania, 78; Thurman, of Ohio, 88; Carlisle, of Kentucky, 27. Mr. Cleveland lacked but 11 votes of a majority. On the second vote he received more than the necessary two-thirds and his nomination was then made unanimous. One of the strong features put forward by the supporters of Governor Cleveland was that **if he were nominated he would receive the "Independent" Republican vote of New York, and there would, of course, be received such a campaign fund as the moneyed interests were in the habit of putting out whenever necessary.**

j. GOLD STANDARD REPUBLICANS TO SUPPORT CLEVELAND.

Nor were the promises made by the Cleveland supporters unful-

[1] The money plank in the Democratic platform was as follows: "We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss."

DEMOCRATIC NATIONAL CONVENTION.

filled, for "shortly after the Democratic Convention, another conference of Independents was called to be held in New York on the 22d of July. * * * An address to the people was adopted and committees appointed to carry on the work of the movement, the object of which was to defeat the Republican candidate [the Independent Bimetallist, James G. Blaine]. * * * Throughout the canvass, by the dissemination of documents and by public meetings, the Independents under the direction of their Committee labored for the election of the Democratic candidate."[1] (See opposite page.) THUS DID THE BENEFICIARIES OF FALLING PRICES WORK FOR THE DEFEAT OF BLAINE AND LOGAN.

k. BLAINE'S POSITION ON THE SILVER QUESTION

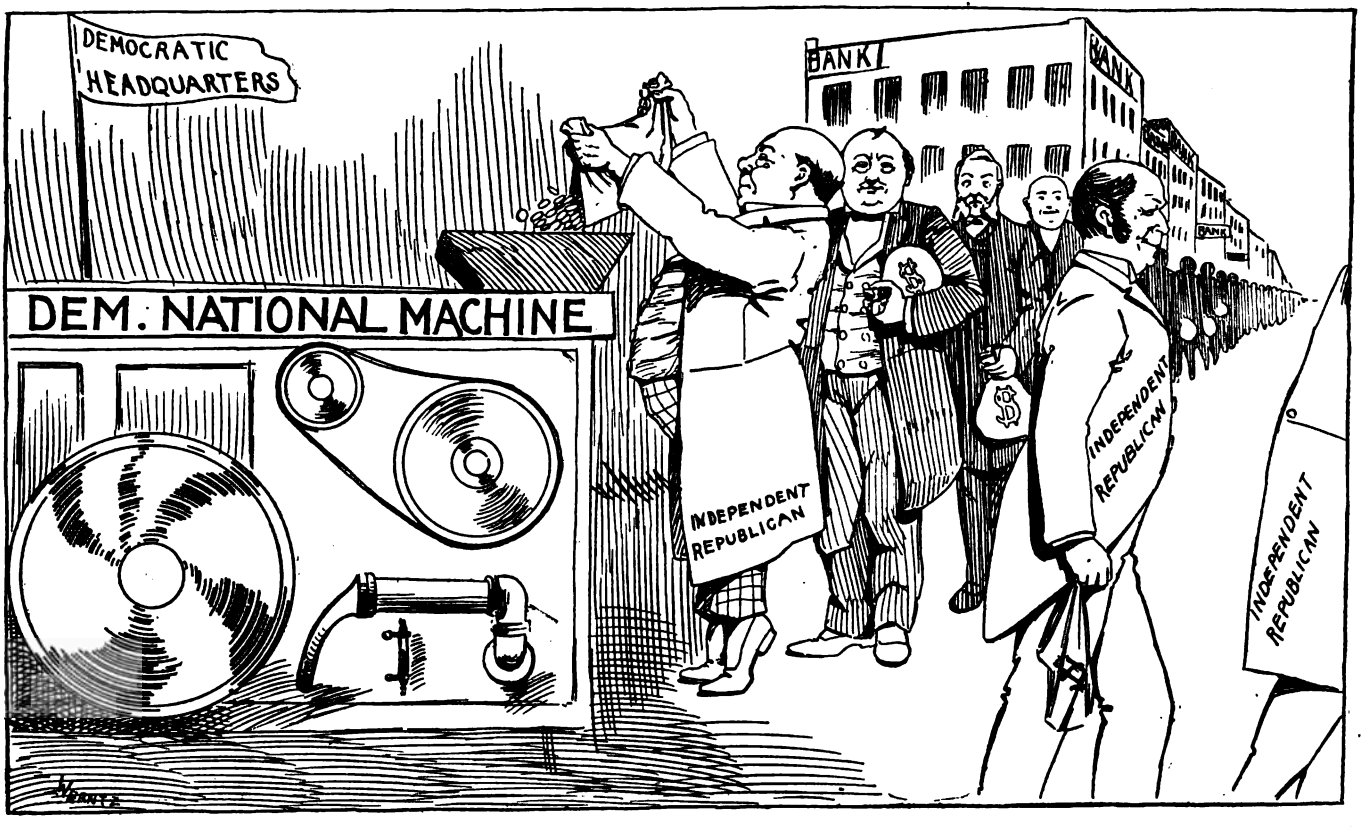
was not uncertain. In his Letter of Acceptance, July 19, he said: "The one special requisite of the completion of our monetary system is *fixing of the relative values of silver aud gold.*" Here he comes out **squarely against the sophism that bimetallism is the Concurrent Circulation of gold and silver.** Immediately after the election was over, he wrote the second volume of his Twenty Years of Congress, and in this also he shows that he understood that the effect of the bimetallic laws which existed previous to 1873 was to maintain a practically constant ratio between the two metals (page 124 above). He emphasized his position by quoting from his free coinage and "independent action" speech of 1878 these words: "Mr. Blaine favored the coinage of 'such a silver dollar as will not only do justice among our citizens at home, BUT PROVE AN ABSOLUTE BARRICADE AGAINST THE GOLD MONOMETALLISTS.'" **The Republicans of New York, on the other hand,** STRENUOUSLY ADVOCATED THE GOLD STANDARD IN THEIR STATE CONVENTION (page 425 above). Blaine, therefore, knew that they would "knife" him if he should be nominated. He said to Murat Halsted: "We cannot succeed without New York, and **I cannot carry that State.** There are factions there *and influences before voting and after voting*, such that **the party cannot count upon success with me.** I AM SURE OF IT. With everything depending upon New York **it would be a mistake to nominate me."**[2]

l. FACTORS IN THE ELECTION.

"The uncertainties of the canvass occasioned by the defection of Republican Independents, the unusual vigor of the Prohibition movement, and the peculiar circumstances of General Butler's candidacy, were in-

[1] Appleton's Annual, 1884, p. 773.

[2] Murat Halstead, in McClure's Magazine for January, '96.



NATIONAL CAMPAIGN OF 1884—"THE 'INDEPENDENTS' LABORED FOR THE ELECTION OF THE DEMOCRATIC CANDIDATES."

creased by the evident lack of cordiality in the support given to Cleveland by the Tammany faction of New York, and the declared preference for Blaine on the part of many Irish and Roman Catholic voters who had formerly adhered to the Democratic party."[1] As a result Mr. Blaine all but carried New York, as the vote was finally counted; an unfortunate remark by Clergyman Burchard accredited to Blaine being sufficient to lose such a number of votes that had they not been lost Blaine would have been elected. The remark as published connected the terms Rum, Romanism and Rebellion. But it is manifest that **had it not been for the active and effective work of the beneficiaries of falling prices in New York, Mr. Blaine would have been elected President of the United States.** To use Blaine's own words in a speech delivered a few days after his defeat: "The Republicans of the Empire State fought against foes *from within.* * * * The cities of New York and Brooklyn threw their great strength and influence with the Solid South **and were the decisive element** which gave to that section the control of the National Government."[2]

m. BLAINE DEFEATED BY THE MONEYED INTERESTS.

Admirers of the people's Plumed Knight can never forgive the goldites—the moneyed interests—for slaughtering at the polls the greatest statesman of his time, and thus keeping the United States from advancing to the position she would have occupied had that long-sighted man been placed at Columbia's helm. Not only would bimetallism have been re-established and the country have prospered as a result of the rising and then stable prices, but the tariff question would have been settled in a moderate way and with reciprocity agreements such as Secretary of State Blaine *forced into the McKinley tariff bill* **after it was passed by the House.** Blaine's temper was that of a brilliant General. On the silver question, he plainly saw in 1878 the fallacy in the arguments for an international monetary conference of the great Creditor Countries to re-establish the free coinage of silver and thus cheapen gold. He understood that such a conference was to gain time for those who had fastened upon a large part of the world the appreciating gold standard. He was honest and therefore advocated Independent Action in the free coinage of silver *as a means of forcing the creditor countries of Europe to help, if necessary, in maintaining the fixed relation between silver and gold.* **Mr. Blaine's fearless advocacy of this course brought down upon him the enmity of those who had brought about the destruction of bimetallism and were determined to retain their ill-gotten gains.**

[1] Appleton's Annual for 1884, p. 774.

[2] Page 467, "Political Discussions," Blaine.

They "slaughtered" the Plumed Knight; and **to add insult to injury, they gave as** THEIR EXCUSE **that he was corrupt.** Curious isn't it that in the Republican convention the Central and Western Republicans could not see it, but that they should kindle with enthusiasm such as had not been witnessed for any public man since Lincoln, and that **only the gold standard Republicans in New York and New England should see that he was "corrupt."** Will the Republicans of the Central and Western States be fooled again in 1896 and follow the candidate put forward by the moneyed interests? How long will the people blindly champion Falling Prices and the consequent injustice and destruction of American manhood and womanhood? The Great Protector of American Interests said: "Open your mints to the free coinage of silver and we shall necessarily coerce the creditor countries of Europe by the strongest of all forces, self-interest, to aid us in upholding the value of silver as money [in case we should not accomplish it single-handed or through the help of other American States]."[1] **Think of our still standing "sucking our thumbs" 22 years after the surreptitious demonetization of silver in the United States** THROUGH THE EFFORTS OF THOSE WHOM WE HAVE BEEN WAITING UPON TO JOIN US IN PUTTING IT BACK. HOW MUCH LONGER WILL YOU CONTINUE TO "SWALLOW" THIS "INTERNATIONAL" SOPHISM OF THE GOLDITES? **How much longer do you propose to be "legally robbed" and our people morally, mentally and spiritually injured by the results which flow from these falling prices?**

Fellow citizens, if you have not yet decided that the moneyed interests through legislation have been unjustly treating the people of the United States, *then continue to inform yourselves concerning the history of the conflict in the United States between the Moneyed Interests and the interests Other-Than-Moneyed.*

The foregoing pages have shown the order of events down to and including the national election of 1884. It appears that the question of Falling Prices and a Remedy therefor **was in both the old parties shut out through the efforts of those who were profting by the increase in the exchange value of money.** After election, however, the silence which they had been maintaining as to the Volume of Money was broken. When Congress assembled, December 1, 1884, the moneyed interests—the Contractionists—**again made an onslaught upon the silver purchase act without offering any substitute whereby the volume of money would be increased so as to keep pace with the increase in population.** The Secretary of the Treasury, in his annual report, said:

[1] **Page 366, above.**

52. *Sophism of the Secretary of the Treasury.*

"I have been forced to the conclusion that unless both the coinage of silver dollars and the issue of silver certificates are suspended, **there is danger that silver and not gold may become our metallic standard.** This danger may not be imminent, but **it is of so serious a character that there ought not to be delay in providing against it.** Not only would the national credit be seriously impaired if the Government should be under the necessity of using silver dollars or certificates in the payment of gold obligations, but business of all kinds would be greatly disturbed; not only so, but gold would at once cease to be a circulating medium, and severe contraction would be the result." In other words, that silver and not gold would become our standard (that is to say higher prices for commodities) *through a contraction of the volume of money*—an absurdity.

President Arthur, in his annual message, said:

53. *Sophism of President Arthur.*

"I concur with the Secretary of the Treasury in recommending **the immediate suspension of the coinage of silver dollars and of the issuance of silver certificates.** This is a matter to which, in former communications, I have more than once invoked the attention of the national legislature. It appears that annually for the past six years there have coined, in compliance with the requirements of the act of February 28, 1878, more than twenty-seven million silver dollars. The number now outstanding is reported by the Secretary to be more than one hundred and eighty-five million, whereof but little more than forty million, or **less than 22 per cent, are in actual circulation.**"

The President, however, in stating that "but little more than forty million, or less than 22 per cent, are in actual circulation," **uttered a half-truth,** for of the dollars held by the Treasury *$101,000,000 were represented by outstanding silver certificates,* leaving not quite 32 million dollars uncovered by certificates and owned by the government.[1] **Half-truths are the worst kind of sophisms and are constantly uttered by those whose case will not bear the light of the full statement of facts.**[2]

[1] U. S. Statistical Abstract of 1894, or of any year since 1885.

[2] **Senator Sherman uttered the same half-truth** as did President Arthur. On the floor of the Senate early in December, 1884, he said: "Only 41 million silver dollars are now in circulation, and any attempt to force the circulation of silver dollars has proved unavailing." (Appleton's Annual for 1885, p. 248.)

A Reply to the President and Secretary of the Treasury was made in the Senate the third day after the President delivered his message, Mr. Hill, of Colorado, offering the following resolution:

"Resolved, That in the existing depressed condition of the industrial interests of the country, and **in the presence of the great fall** which has taken place and is still in progress **in the wages of labor and in the prices of the products** of farms, workshops, mills and mines, the recommendations of the President and of the Secretary of the Treasury, that the coinage of silver dollars and the issue of silver certificates shall be immediately and *unconditionally prohibited*, **are calculated to create alarm and thereby aggravate the difficulties of the situation**, and that to the end that the public mind may be quieted by the assurance that if the total volume of the currency *is not to be enlarged* in correspondence with the increasing population and exchanges of the country, **it shall at least not be reduced by suspending the coinage of silver dollars.**[1]

"The Senate declares its opinion to be that no valid reason exists at the present time for imposing any *new and additional restrictions* upon either the coinage of silver dollars or the issue of silver certificates."

The resolution was ably discussed **but was not allowed to come to a vote.**

54. *The Fighting Forced by the President. Another Object Lesson.*

In February legislation concerning the trade silver dollar was under consideration. At this time President Arthur again attempted to influence silver legislation through a silver "scare" similar to the one which produced such evil effects in February, 1884. **February 9, 1885, the United States Sub-Treasury did actually pay out silver to the New York clearing-house. It did not, however, produce a consternation similar to that of the preceding year.**

Two days after President Arthur's Administration had paid out this silver to the New York clearing-house, "ninety-five Democratic Members of the House of Representatives addressed President-elect Cleveland a letter asking him not to commit the party in his Inaugural Address to the purposes of the contractionists until the whole subject should be carefully considered. The letter went to him quietly in place of a delegation and no immediate answer was expected."[2] Mr. Cleveland, how-

[1] The Bankers' Magazine of New York, in an editorial July, 1884, stated that the increase in population in the United States demanded an increase in the volume of money to the amount of $40,000,000 per year, whereas for the preceding year the increase had been but 10 millions of dollars. (Quoted at page 412 above.)

[2] Gordon Clark's "The Anarchists of Wealth," p. 77.

ever, under date of February 24, 1885—fifteen days after President Arthur had shaken up the country by paying to the New York clearing-house some silver dollars, **and while Congress was debating the silver question,** gave to the public a reply to the letter sent by the Democratic Members of the House of Representatives.

55. *Cleveland Attempts to Secure Unconditional Repeal.*

Mr. Cleveland said that "under the operation of the act of Congress of February 28, 1898, **a financial crisis is now close at hand.** * * * Silver and silver certificates have displaced and are now displacing gold, and the sum of gold in the Federal treasury now available for the payment of the gold obligations of the United States and for the redemption of the United States notes called 'greenbacks' if not already encroached upon *is perilously near such encroachment.* These are facts, which, as they do not admit of difference of opinion, call for no argument. They have been forewarned to us in the official reports of every Secretary of the Treasury from 1878 till now. They are plainly affirmed in the last December report of the present Secretary of the Treasury to the Speaker of the present House of Representatives. They appear in the official documents of this Congress and in the records of the New York Clearing-House, of which the Treasurer is a member, and through which the bulk of the receipts and payments of the Federal Government and of the country pass. [All advocates for the moneyed interests.]

"These being the facts [?] of our present condition, our danger and our duty to avert that danger would seem plain. I hope that you concur with me and with the majority of our fellow citizens in deeming it *most desirable* at the present juncture *to maintain and continue in use the mass of our gold coin,* as well as the mass of silver already coined. *This is possible by* **present suspension of the purchase and coinage of silver. I am not aware that by any other method it is possible.** It is of momentous importance to prevent the two materials from parting company. * * *

"The revival of business enterprise and prosperity so ardently desired and apparently so near **would be hopelessly postponed."**

In this letter it is to be observed Mr. Cleveland uttered the same silver "scare" that President Arthur and the different Secretaries of the Treasury had been doing, and for a like purpose, namely **to influence legislation.** At this time Congress was debating the silver question, and Mr. Cleveland stated as a positive fact that a financial crisis "is now close at hand," and that the only possible way in which it can be averted is "by a *present* suspension of the purchase and coinage of silver." This declaration against continuing the coinage of silver, and *not pointing to any way in which a gradual increase in the money volume could be continued* was clearly in the interests of those who are benefited by falls

in general prices. *Thus did Mr. Cleveland bring the influence of the Incoming Administration in favor of the moneyed interests.* **Thus were the "ins" and "outs" combined in the interests of the moneyed classes.**[1]

56. *The Attitude of the House and Senate.*

In both the Senate and in the House the bills which were introduced for the suspension of the coinage of silver dollars were not reported from the committees to which they were referred.[2]

57. *Assembling of Congress in 1885. The Cleveland Administration Works for "Unconditional Repeal."*

Congress assembled December 7, 1885. The Democratic Administration, as did its Republican successor, **urged Congress to repeal the silver purchase act without providing for a further use of silver,** and thus lessen the quantity of money in circulation and at the same time further depreciate silver as compared with gold. Said the Secretary of the Treasury: "Equivalence between silver and gold *is now imperiled* by the continuing coinage and increasing number of silver dollars. * * * Twenty years ago the gold dollar was not kept from a premium, *to-morrow the silver dollar cannot be kept from a discount in disregard of their appraisal,*" i. e. the appraisal of business men.

The President in his Annual Message made an elaborate argument for the discontinuance of the coinage of silver dollars and silver certificates, but *he did not recommend anything to take their place.* In part he said: "History demonstrates that the point is easily reached in the attempt to float at the same time two sorts of money of different excellence, *when the better will cease to be in general circulation.* **The hoarding of gold which has already taken place,** indicates that *we shall not escape the usual experience in such cases.* * * * The people do not desire to keep it [silver money] in hand; and this, with the evident disposition to hoard gold, gives rise to the suspicion that **there already exists a lack of confidence** among the people touching our financial success." Attention is then called to the fact that the International Monetary Congress for the free coinage of silver "absolutely failed," and that "the attitude of the leading powers remains substantially unchanged," and that thus there is

[1] Of this letter of Mr. Cleveland on the Money Question, Mr. Gordon Clark says: "It was *written* by Manton Marble (for who he is see page 287 above), was taken to Greystone and *revised* by Samuel Tilden, and was conveyed thence to Albany by Banker Daniel Manning, where it received the signature of Grover Cleveland. This episode in Mr. Cleveland's career has long been known in Washington. It came out through Mr. Manning himself." ("The Anarchists of Wealth," p. 78.)

[2] Appleton's Annual for 1885, p. 249.

"fully demonstrated the uselessness of a further attempt at present to arrive at any agreement on the subject with other nations."

"That disaster has not already overtaken us furnishes no proof that danger does not wait upon a continuance of the present silver coinage. * * * *Prosperity hesitates upon our threshold* because of dangers and uncertainties surrounding this question. *Capital timidly shrinks from trade, and investors are unwilling to take the chance* of the questionable shape in which their money will be returned to them, while *enterprise halts* at a risk against which care and sagacious management do not protect.

"As a necessary consequence labor lacks employment and suffering and distress are visited upon a portion of our fellow citizens especially entitled to the careful consideration of those charged with the duties of legislation. No interest appeals to us so strongly for a safe and stable currency as the vast army of the unemployed.

"I recommend the suspension of the compulsory coinage of the silver dollars directed by the law passed in February, 1878."

The readers should note that the President speaks as though he were favoring a "stable currency", but **for the year 1885 the exchange value of money had increased over 4 per cent and the preceding year it had increased over 6 per cent;** YET HE RECOMMENDED THE DISCONTINUANCE OF THE ISSUANCE OF SILVER MONEY TO THE AMOUNT OF 28,000,000 DOLLARS PER YEAR AND DID NOT RECOMMEND AN ISSUANCE OF MONEY IN ANY OTHER MANNER.

A historian for the latter part of 1885 and for 1886 says: "Only a faint and **entirely unsuccessful attempt was made to excite alarm** and even those capitalists who at intervals in 1885 and in the early part of the current year [1886] invested in sterling for safety and also to insure gold returns, abandoned these investments during March."[1]

58. *The Attitude of the House.*

"April 8, 1886, Mr. Bland's bill, providing for the free coinage of silver, was defeated in the House, but the vote showed that this was the best that could be expected [for the moneyed interests] and that there was no hope, at least in that Congress, for the [unconditional] repeal of the coinage act."[2]

59. *Unconditional Repeal Again Advocated by the President.*

President Cleveland in his Message to Congress, December 6, 1886,

[1] Appleton's Annual Cyclopædia, 1886, p. 334. James P. Carey, Editor of the New York Journal of Commerce.

[2] Appleton's Annual for 1886, p. 334. James P. Carey, Editor of the New York Journal of Commerce.

called attention to the fact that "on the 31st day of July, 1886, the price of silver [as measured in gold] reached the lowest stage ever known, [i. e., gold had increased in exchange value *to such an extent* that silver, *which had also increased in exchange value, appeared to have depreciated*[1]] so that the bullion price of our standard silver dollar at that date was less than 72 cents [in gold]. On the 30th day of November last it was worth 78 cents [in gold]. I again urge the suspension of the compulsory coinage act, on the grounds contained in my former recommendation, reinforced by the significant increase in our gold exportations during the last year, as appears by the comparative statement herewith presented."

Let us look for a moment at the exchange value of money: We have noted the fact that during the years 1883-4 the exchange value of money in gold standard countries increased about 9½ per cent, that is to say, the general prices of commodities in the United States fell from 108.5 to 99.4. The ill-effects caused by these falling prices we have also pointed out. For 1885 money continued to increase in exchange value.

60. *Falling Prices Continue.*

For this year the increase was about 6½ per cent. and for 1886 about 1 per cent.[2] As to

The Result.

There was of course a **greater and greater stagnation in production with a greater and greater number of unemployed.** THERE IS A PARALLELISM BETWEEN FALLING PRICES AND THE INCREASE IN THE NUMBER OF UNEMPLOYED; see above, page 81. As might be expected, "strikes in the United States during 1886 greatly outnumbered those during 1885."[3] The strikes for 1886 were more than twice as great as for 1885.[4] The conditions were such that April 22, 1886, President Cleveland sent a special message to Congress in which he said: "I am so deeply impressed with the importance of immediately and thoughtfully meeting the problem which recent events and the present condition have thrust upon us, involving the settlement of disputes arising between our laboring men and their employers, that I am constrained to recommend to Congress legislation upon **this serious and pressing subject.**"

Under conditions such as above shown, the dangerous element of society finds ready listeners. In Chicago the advocates of revolution

[1] The increase in the exchange value of gold and silver is shown by a diagram on page 131 above.

[2] Senate Table of Prices.

[3] Appleton's Annual for 1887, p. 742.

[4] The United States Commissioner of Labor gives the number of strikes in the United States for 1885 at 645, and for 1886 at 1411. ("Strikes and Lockouts," p. 12.)

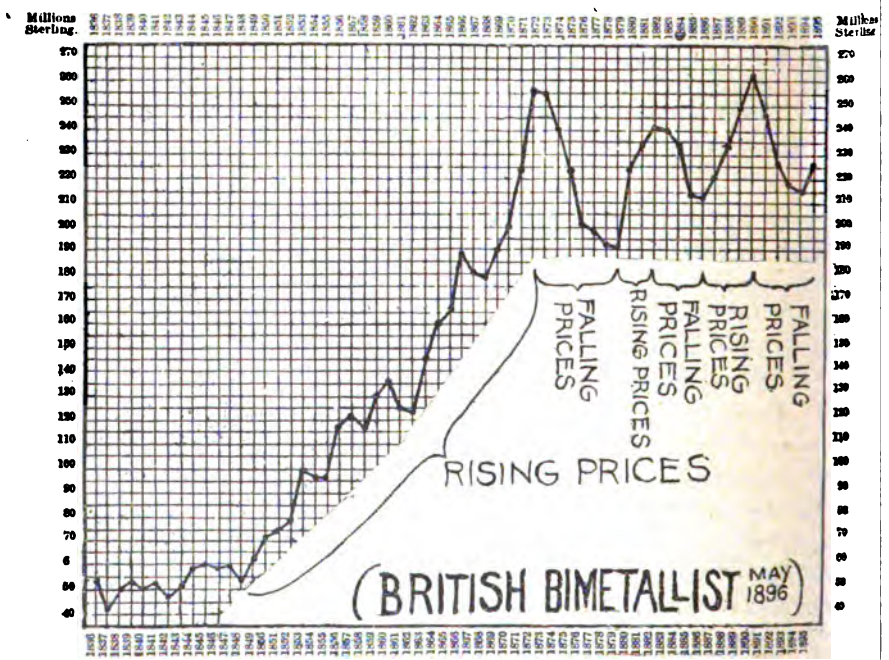
made such headway that in **the labor riots of May, 1886,** a bomb wa exploded among a large body of policemen, wounding 60, 7 of whom died.

In Other Gold Standard Countries.

In England.

"During the winter of 1885-6 there were **an unexampled number** o **unemployed in the metropolis,** and advocates of the workingmen, especially the leaders of the Social-Democratic Federation, demanded that something should be done by the Government to relieve their sufferings."[1] A Royal Commission on the Depression of Trade and Industry made a report setting forth the evils of Falling Prices. A portion of it is given at page 87 above. See also the following diagram:

THE RELATION BETWEEN RISING AND FALLING PRICES AND THE EXPORT OF BRITISH AND IRISH PRODUCE.



[1] Appleton's Annual for 1886, p. 405.

showing the relation between Rising and Falling Prices and the export of British and Irish produce.

In Germany.

The protective tariff was, in 1885, raised still higher than the tariff enacted in 1879, "but without producing the desired effect. Wheat, instead of rising, fell to prices unknown for a century. The Central Council of Agriculture therefore called for a further measure to preserve the agricultural interests of Germany, both large and small, from the ruin with which they were menaced. The government proposed to **double the existing duties**, but the Reichstag, in the measure that was finally passed, *slightly reduced this proposal.*" [1]

Of this increase in Germany's protective tariff, the British Consul at Dresden (Mr. Strachey) reported in 1886 that **"The belief is widely diffused that the protective tariff of 1879 saved Germany from a great ruin,** and that the Empire **is now [since the increase of duties in 1885] on the road to industrial greatness.** * * * Protection is in the national air and will not be dissipated by foreign arguments however accurately deduced from the axioms of scientific doctrine." "The political constellations of the Empire, the most powerful industrial and commercial forces, some of the principal press energies, *all are on the side of the existing system.*" [2] This shows how the people were deceived.

In France.

Notwithstanding the protest of free-traders, of the mercantile and industrial classes, and of the boards of trade in all the large cities, **the proposed [increase in] protective duties were laid on grain and meat by laws passed March 28th, 1885.** [3] **March, 1887, the duty on wheat was again increased as was also the duty on beet sugar.** "And," continues Consul Mason, "the experience of the past ten years has brought the agricultural classes here, as elsewhere, almost unanimously over to the side of protection. * * * **The effect of** the dull trade and **low prices which have prevailed during the past five years** has been to push a large proportion of the independent voters **more and more toward the side of the protectionists,** WHO HAVE THUS BEEN ABLE TO SECURE ENHANCED DUTIES ON CEREALS, CATTLE AND SUGAR, PROHIBIT THE ENTRY OF AMERICAN PORK AND DEFEAT NEW COMMERCIAL TREATIES WITH ITALY AND GREECE." [4]

From the foregoing it appears that the falling prices from 1882 to 1887 in the gold standard countries led to a depression in all the productive industries of the entire gold price world. In Germany and

[1] Appleton's Annual for 1888, p. 363.
[2] Page 80 of Porter's Free Trade Folly.
[3] Appleton's Annual for 1885, title, France.
[4] United States Consular Report, 1889, p. 601.

France the beneficiaries of falls in general prices told the people, through their Press, that the low prices were caused by the competition of other countries; and as we have seen, they succeeded in hoodwinking enough people to get an increase in the protective duties and so to allay for a time the demand for a Remedy. Such was the course pursued in Germany and France. **In England with its doctrine of free-trade a different trick was necessary.**

In England.

A "Royal Commission on the Depression in Trade and Industry" was appointed, and then when it had taken evidence and reported, another Royal Commission was appointed to examine into the causes of the "recent changes in the relative values of the precious metals," and to suggest remedies. This commission composed of twelve eminent gentlemen commenced taking evidence November 12 of the same year (1886). The moneyed interests were not slow in recognizing that something must be done to increase for a time the volume of money.

61. *Paper Money Again Issued in Europe to "Kill the Silver Craze."*

Accordingly, the **issuance of paper money in Europe was so increased that** THE NET IMPORT OF GOLD INTO THE UNITED STATES FOR 1887 WAS $33,209,414, WHEREAS FOR THE PRECEDING YEAR THE EXPORTS OF GOLD HAD EXCEEDED THE IMPORTS BY $22,208,842.[1] The rise in general prices in the United States for 1887 was .7 of 1 per cent.[2]

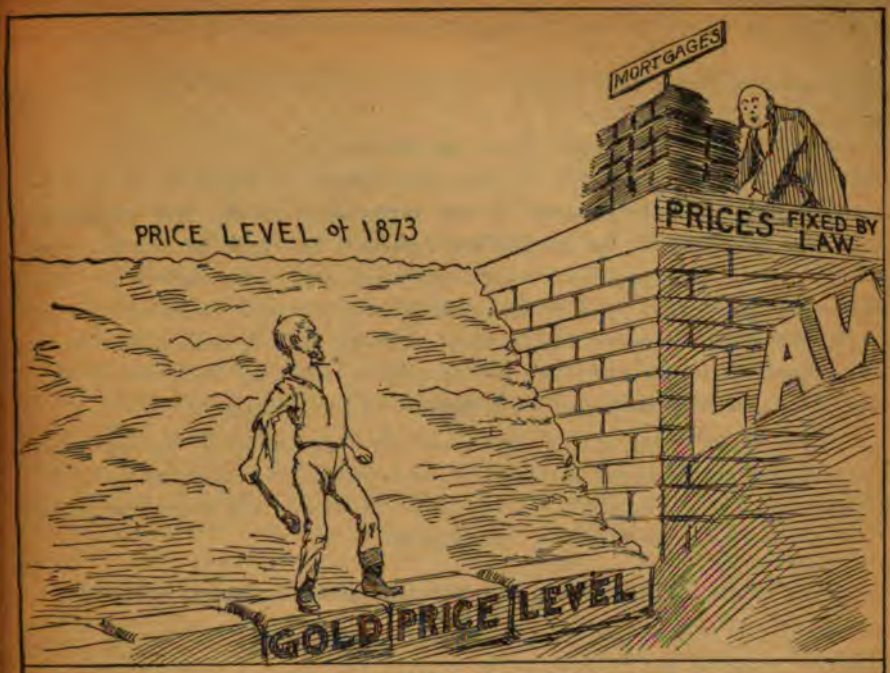
The next year (1888) the net import of gold into the United States was $25,558,000,[3] and the rise in general prices 1.6 per cent.[4] In England the rise in general prices for 1888 was 3 per cent[5] and probably about the same in the other gold price countries.

61. *Effect of Rising Prices in 1887-88.*

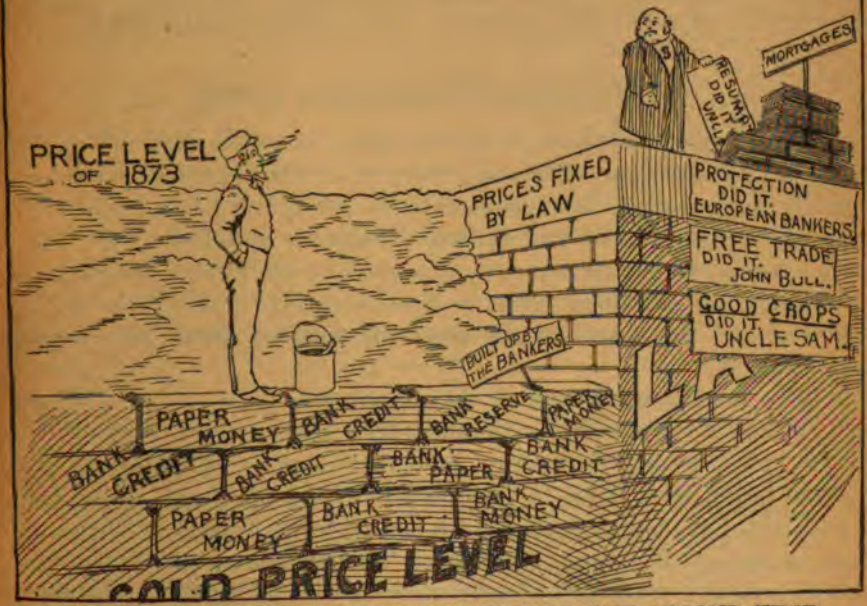
The effect of rising prices was to again set in motion the wheels of industry. In the manufacturing industries of **the United States** for the year 1887 **"the labor troubles had less influence upon manufacturing enterprises than they did in the previous year;"**[1] and for the next year (1888) "producers and manufacturers were **comparatively undisturbed by the demands of labor organizations."**[2]

"In France the returns for 1888 indicate **a slight improvement** in **the economic situation as compared with 1887,** although trade suf-

[1] United States Statistical Abstract, 1894, p. 51.
[2] Senate Table of Prices.
[3] Same citation.
[4] Senate Table of Prices.
[5] Sauerbeck's Table of Prices.
[1] Financial Review of 1887; Appleton's Annual.
[2] Financial Review of 1888; Appleton's Annual.



THE EFFECT OF FALLS IN GENERAL PRICES.



HOW THE BANKERS FOOLED THE PEOPLE THE SECOND TIME.

For the Second time the Bankers, to preserve the gold standard, brought about rises in general prices and good times and deceived the people as to the Cause.

fered from the political insecurity, and especially from the tariff war with Italy."[1]

Early in 1889 the coal miners **in Germany,** after a strike of "less than two weeks" received **"a rise in wages of from 20 to 30 per cent, and the establishment of an eight-hour shift, and promised that no one should be compelled against his will to work overtime. * * *** The strikers received help and encouragement from Belgium, and in that country and in England, where the coal companies received a great accession of business through the Westphalian strike. the miners demanded an increase of pay which they received after a brief strike **in Belgium** and **in England** by prior agreement."[2]

Besides the rising prices which were brought about by the moneyed interests during the latter part of 1887, and during the next year, a further preparation for the national election of 1888 was in the way of bringing the tariff question prominently to the front.

62. *Further Preparation for the National Campaign of 1888.*

President Cleveland, in his message to Congress, December, 1887, brought forward the question of "tariff for revenue only" versus a "protective tariff." **The ruse was entirely successful so far as the moneyed interests were concerned,** FOR IT ENABLED THEM IN THE NATIONAL CAMPAIGN THE FOLLOWING YEAR TO KEEP THE MONEY QUESTION PRACTICALLY UNAGITATED. Let us briefly consider this national campaign :

63. *The National Conventions of 1888.*

The Democratic party, being the party in power, was the one to first hold a convention. The renomination of Mr. Cleveland "was universally conceded." He was renominated on the first ballot. The nominee for Vice-President was Senator Thurman, of Ohio. The Tariff question was brought prominently forward, and the Convention declared its conviction on all other subjects of interest *except that of Falls in General Prices.* **No plank in the platform touched upon the money question.**

The Republican National Convention met June 19, at Chicago. Mr. Blaine, in a letter from Florence, Italy, February 12, to the Chairman of the National Committee, said, that, as personal reasons would prevent him from entering the contest, therefore his name "would not be presented to the Convention." A second letter from Mr. Blaine, on May 30, from Paris, France, reiterated his intention of not entering the contest, and this set at rest all reasonable doubts. **Candidates of known**

[1] Appleton's Annual for 1889, p. 331. [2] Appleton's Annual for 1889, p. 387.

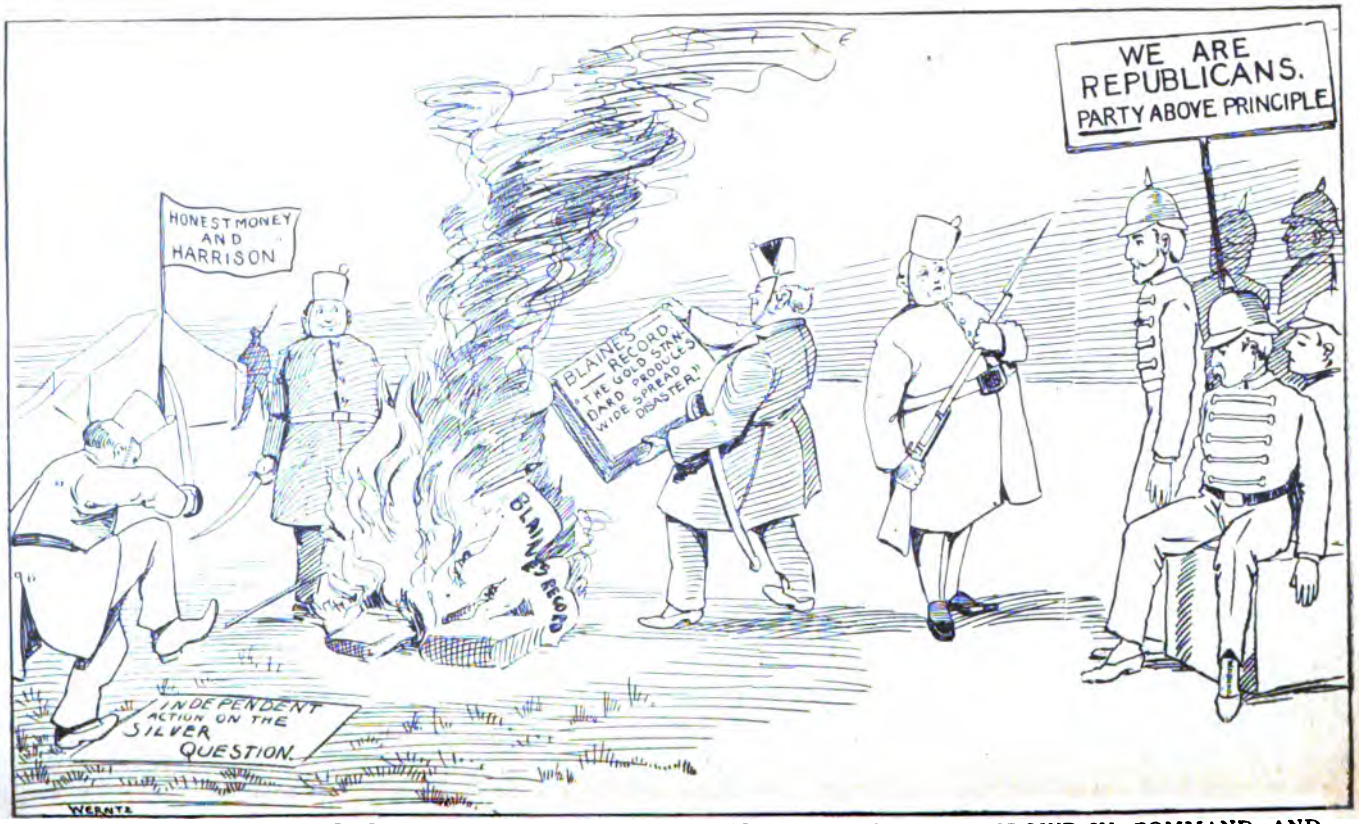
GOLD-STANDARD **proclivities were brought forward**; among them were John Sherman, of Ohio, William B. Allison, of Iowa,[1] Chauncey M. Depew and Benjamin Harrison.[2] Mr. Blaine, however, received many votes. This led to his telegraphing from Edinburgh, Scotland, earnestly requesting his friends to respect his wishes and to refrain from voting for him. The California delegation and a few others did not feel that they could even then abandon the hope of seeing Mr. Blaine placed in the President's chair, and so continued voting for him. On the fourth ballot "59 votes *from New York* went to Harrison." On the seventh ballot "the decisive point was reached when Congressman Henderson, of Iowa, arose and withdrew the name of Senator Allison, whose strength was at once transferred to Harrison." At the close of the vote the nomination was made unanimous.

In their platform the Republican party made the Tariff the issue, on the money question simply declaring that "the Republican party is in favor of the use of both gold and silver *as money* [mark that **no mention is made of bimetallism — free coinage**], and condemns the policy of the Democratic Administration in its efforts to demonetize silver." A separate plank was addressed to "**the men who abandoned the Republican party in 1884.**" It asked them to come back, among other things stating that the Republican party was for "**sound**" **finance** (**gold standard**). **The gold standard "bolters" of 1884 came back to the Republican party this year** (1888). It was they (the New Yorkers) who helped turn the tide to nominate Mr. Harrison (see above), and the "sinews of war" which they furnished, together with their votes, helped to elect him in November. (See illustration on next page.) NEW YORK STATE ELECTED ITS NATIONAL REPUBLICAN TICKET ALTHOUGH THE STATE TICKET WENT DEMOCRATIC. A reason for this, additional to that of the "Independent" Republicans, was enmity against Mr. Cleveland by the Tammany Hallites and others, due to matters outside of the money question.

To those voters who are inclined to follow Party rather than Principle it is highly desirable that they should bear in mind the fact that although a man may be the nominee of a party it is no assurance that he honestly came by the nomination. The following charges are made by John Sherman concerning the Presidential nomination of 1888:

[1] That Mr. Allison was in reality a gold standard advocate in 1878 and since that time, see p. 164, above.

[2] That Benjamin Harrison was understood by the gold standard people to be a champion of their cause, see the succeeding text and also the following: In 1880 John Sherman said: In the Republican National Convention "26 votes from Indiana were ready to be cast for me at any time after a few ballots." (Letter of John Sherman to Mr. Foster, June 30, 1880. "Recollections of John Sherman," p. 777.)


HONEST MONEY AND HARRISON
BLAINE'S RECORD "THE GOLD STANDARD PRODUCES WIDE SPREAD DISASTER!"
BLAINE'S RECORD
WE ARE REPUBLICANS. PARTY ABOVE PRINCIPLE
INDEPENDENT ACTION ON THE SILVER QUESTION.
WERNTZ

RESULT OF NATIONAL REPUBLICAN CONVENTION OF 1888—GOLD STANDARD CROWD IN COMMAND, AND THE DEFEATED ONES DO NOT "BOLT."

64. *John Sherman's Exposure of Corruption.*

"I have no hesitation in expressing the opinion that I was defeated for the [Presidential] nomination [of 1888] by New York." "On Monday, the 25th of June, I did not anticipate a change on the first ballot from the last one on Saturday. I did expect from my despatches that the nomination would be made that day and in my favor, but, as the result proved, an arrangement had been made on Sunday that practically secured the nomination of General Harrison. * * I believed then, as I believe now [1895], that one of the delegates from the State of New York [reported to have been Tom Platt] practically controlled this whole delegation [to the National Convention of 1888] and that **a corrupt bargain was made on Sunday which transferred the great body of the vote of New York to General Harrison and thus led to his nomination.** It is to the credit of General Harrison to say that if the reputed bargain was made it was without his consent at the time, nor did he carry it into execution."

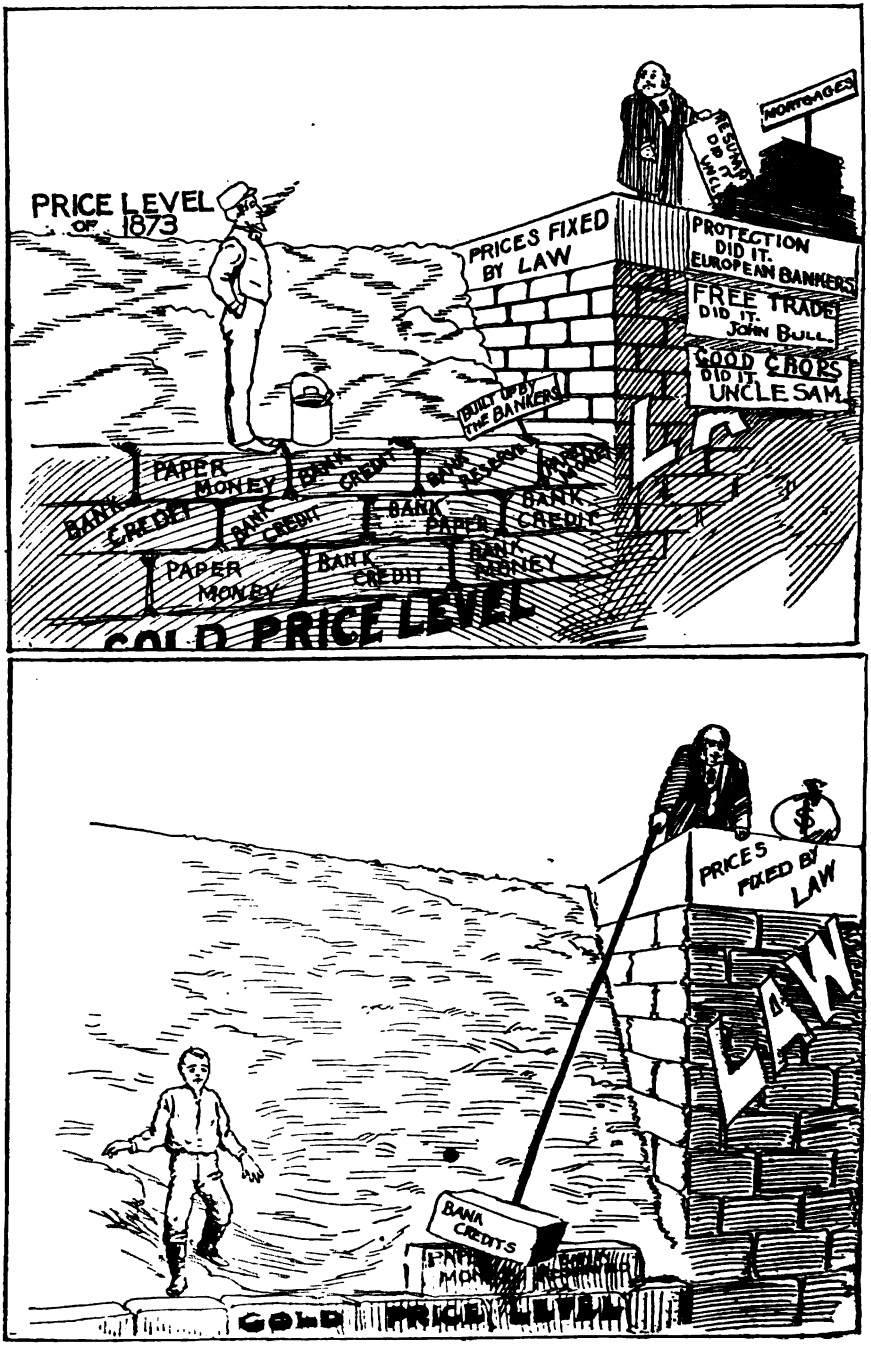
As to the candidate from Michigan he says: "I believe and had, as I thought, conclusive proof that **the friends of General Alger substantially purchased the votes of many of the delegates from the Southern States** who had been instructed by their conventions to vote for me."[1]

In the enumeration of events we have now reached the close of the year 1888. The moneyed interests, as we have seen, succeeded in so engineering the Republican and Democratic parties that the question of an increase in the volume of money through bimetallism did not enter into the campaign, and they secured a President who would veto a bimetallic law, **thus effectually securing the moneyed interests against a return to bimetallism for another four years,** it requiring a two-thirds vote to pass a bill over a veto. In England the Gold and Silver Commission made its Final Report October, 1888. By this time the rising prices had quite effectually "killed" the "craze" for rising prices. It will be seen that the moneyed classes could now *with safety to their interests* withdraw the paper money issued and that more countries should go from the silver to the gold standard, **thus increasing the exchange value of money in all the gold standard countries.**

65. *Money Interests Again Bring About Falling Prices.*

Accordingly the paper money in Europe was so withdrawn and the demand for gold increased that, during 1889, the net gold *exports* from the the United States were **$49,000,000,** whereas for the preceding year the

[1] "Recollections of John Sherman," p. 1029.



After the Rising Prices had "killed" the desire for Bimetallic Prices (Rising and then More Stable Prices) the Moneyed Classes, with safety to their interests, contracted the currency and increased the exchange value of money

imports of gold into the United States exceeded the exports by **$25,000,000,**[1] a difference of 74 million dollars. The National bank circulation decreased 41 million dollars while the decrease for the preceding year had been only 27 millions.[2] For this year (1889) the general prices in the United States averaged the same as for the preceding year, as the rising prices continued until about the middle of the year, at which time gold began to go out in quantities. [3]

The falling prices during the latter part of 1889, combined with other causes, kindled anew the bimetallic sentiment.

66. *The Silver Bills of 1890.*

a. GENERAL STATEMENT.

January 20, 1890, Mr. Conger, of Iowa, introduced in the House a measure authorizing the issue of treasury notes upon deposits of silver bullion. It was referred to the Committee on Coinage, Weights and Measures, which reported it back March 26. On January 7, a substitute which had been agreed upon by a Republican caucus was adopted instead of the original measure, was passed by the House by a vote of 135 yeas to 119 nays, 73 not voting. It provided for the purchase by the government each month of 2¼ times the amount of silver that was purchased under the Allison law of 1878, namely, **$4,500,000 worth of silver to be purchased monthly by issuing paper money** (Treasury Notes) redeemable on demand in gold or silver coin at the discretion of the Secretary of the Treasury, "and when redeemed may be reissued." The bill also provided that **whenever the price of silver should rise to the ratio of 16 to 1** THEN THE MINTS SHOULD BE OPENED TO ITS FREE

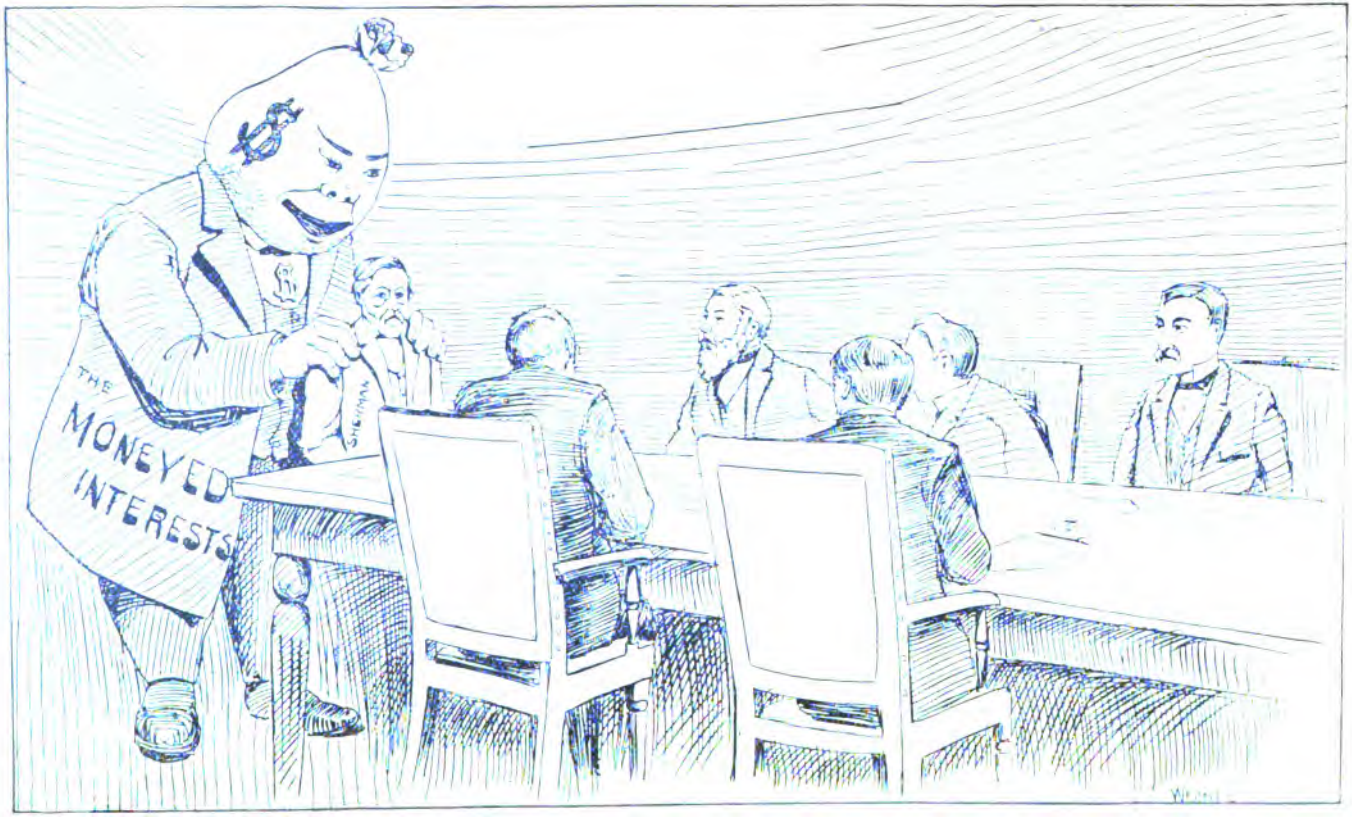
[1] United States Statistical Abstract, 1894, p. 51. The operations of the Gold Brokers are thus partially described by James P. Carey, Financial Editor of the New York Journal of Commerce: March 16th "there came an export of $1,250,000 gold to France *but not as an exchange operation*, **the metal being ordered out by bankers in the French Capital.** * * * Between the early part of May and middle of September there were accumulated in France about 300 million francs **[60 million dollars] in gold, principally from the United States.**

"During March the Rothschilds brought out **a Russian conversion loan of 700,000,000 francs.** * * * On the 2nd of September $1,000,000, and on the 5th $500,000 gold were sent to London *on special order from the Rothschilds*, who were under engagement to Brazil for **a conversion loan of 100 million dollars.** * * *

"During the third week in December there were large withdrawals of gold bullion from the Bank of England *for export to the Argentine Republic.*" (Appleton's Annual for 1889, title, Financial Review of 1889.)

[2] Same citation, p. 29.

[3] During the autumn of 1889 the price of farm products, owing to large yields and the lessening money volume, were "generally lower than ever before." (Appleton's Financial Review of 1889.)



BIMETALLISM AGAIN DEFEATED SURREPTITIOUSLY "THE COMMITTEES APPOINTED TO ADJUST DIFFERENCES STRUCK OUT ALL MENTION OF FREE COINAGE."

COINAGE AT 16 TO 1. This was added at the solicitation of Mr. Bartine.

In the Senate, the House bill was laid aside and a substitute in the way of an amendment was brought in. It provided for the **free coinage of silver and gold at 16 to 1.** It passed the Senate June 18 by **a vote of 43 yeas, 25 nays, 17 not voting.**

The House, June 25, refused to concur in the Senate amendment, the vote standing **135 for free coinage with 152 against, and 40 not voting.**

A conference committee was appointed by the House and Senate.

b. BIMETALLISM AGAIN DEFEATED SURREPTITIOUSLY.

This committee reported a bill **striking out not only the free coinage measure of the Senate** BUT ALSO THE PROVISION FOR CONDITIONAL FREE COINAGE; appointed to adjust *differences*, **it struck out** ALL MENTION OF FREE COINAGE. To cover, in a measure, this chicanery, the amount to be purchased was increased a little by making it 4,500,000 *ounces* instead of that many *dollars*. **Had the Conditional Free Coinage provision remained in the bill** IT WOULD HAVE RESULTED IN FREE COINAGE BEFORE THE CLOSE OF THE YEAR; see below. Senator John Sherman was one of the committeemen and the bill bears his name. (See illustration on opposite page.)

Of the Conference, Mr. Bland on the floor of the House said: "Now, Mr. Speaker, the gentlemen from Iowa (Mr. Conger) says this bill is the result of a free and fair conference. I deny it. We had but one meeting in which all the conferees were represented. That was the meeting appointed for last Thursday. We were to have another meeting of the conferees, but before the date of that meeting arrived I was notified that my presence was no longer needed and that when my services were required I would be notified. In the meantime **secret meetings or caucuses were held by the Republican members of that conference and this bill was concocted and prepared by them;** and I never received a notice to attend another meeting of this conference until this bill was agreed to and the report was ready to be signed; and I was simply asked whether I agreed to it or not."[1]

c. WHO RESPONSIBLE FOR THE 1890 SILVER PURCHASE LAW?

The territorial distribution of the vote on free coinage in the Senate and House shows that it was the East against the West.[2] **It was only by increasing the purchases of silver that free coinage could be**

[1] Congressional Record, 1890, p. 7193. [2] Appleton's Annual for 1890, title, Congress.

headed off.[1] (See illustration, opposite page.) Again the robbers who thrive by "legalized stealing" stood together irrespective of party.[2]

c. EFFECT ON THE RATIO OF SILVER AND GOLD.

The effect of this law with its increase in the amount of silver purchased, from 2 million dollars per month to 4½ million ounces per month, is thus described by the Secretary of the Treasury in his Report for 1890, page 48: **"The [gold] price of silver advanced rapidly after the passage of the new law;** indeed, the immediate effect of the law had been largely anticipated in the advance of the price prior to its passage.

"On the first of July, 1890, the price of silver per ounce was 104.6 cents [in 1889 it was 93 cents]. To July 14 the price had advanced to $1.08, to August 13, $1.13, and to **September 3, $1.21,** the highest point reached. **This was a ratio of 17 to 1, whereas it had in 1889 stood at 22.09 to 1.**

Now let us look and see what would have been the effect of a Free Coinage law at 16 to 1.

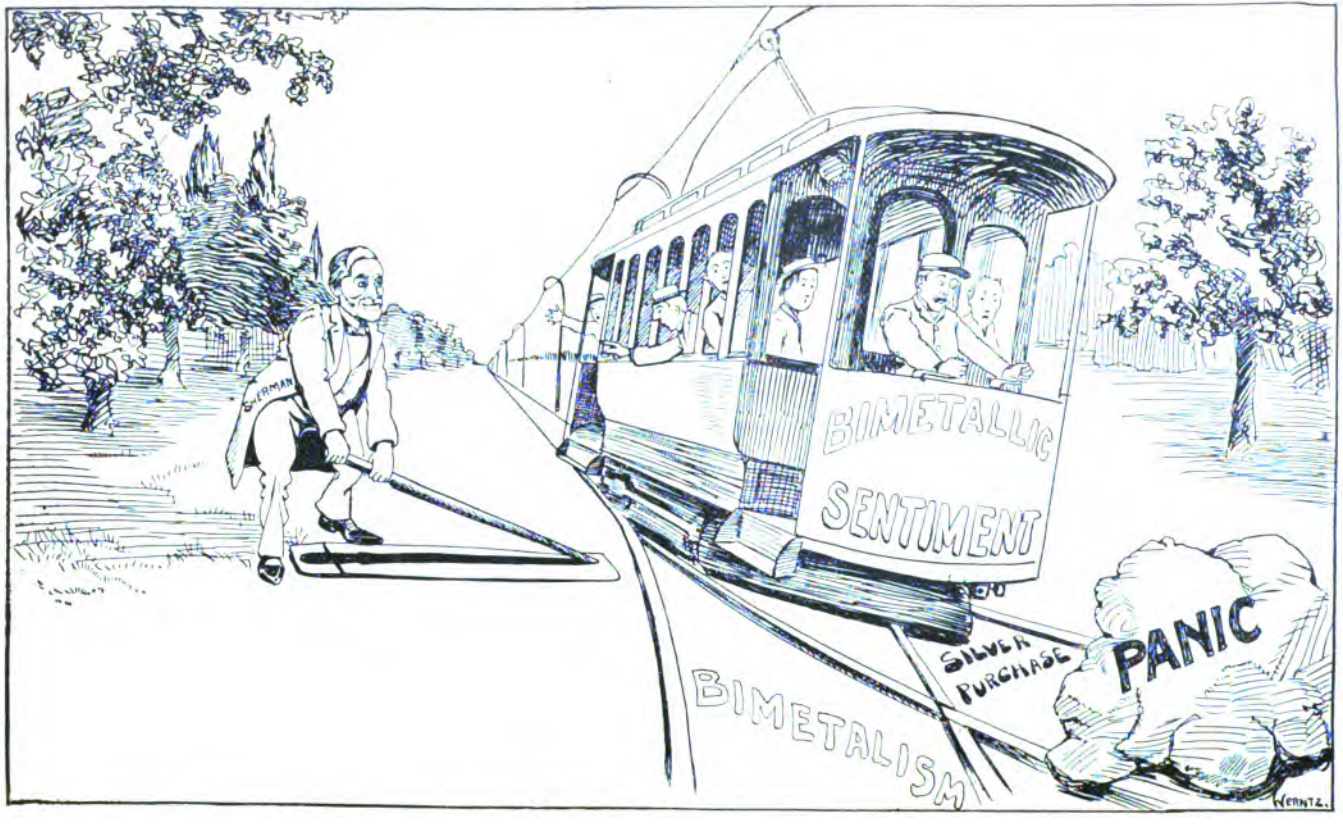
[1] **Thomas B. Reed, of Maine,** in speaking in the House on the repeal of the Sherman silver purchasing act, said: "The so-called Sherman act was a compromise measure **intended** TO STAY FOR THE TIME BEING **a strong feeling which existed on the part of a good many citizens of this country in favor of the free coinage of silver."** (Congressional Record, Feb. 9, 1893.)

John Sherman, in a speech in the Senate, May 30th and 31st, 1892, said of the silver purchase act of July 14, 1890: **"I was reluctant to vote for it."**

Of the Sherman law, **Mr. Brown of Indiana** said, June 30, 1893: "I voted against the Sherman act before and will vote for its repeal now. Mr. Sherman's law has been terribly expensive to the country at large. The act, it is claimed, was passed to prevent *the enactment* of a free coinage bill. It would be nearer the truth to say **it was passed to keep Mr. Harrison from** VETOING **a free coinage bill and** APPEARING BEFORE THE COUNTRY AS AN OPPONENT OF FREE SILVER." (Chicago Tribune, June 31, '93.)

Wm. McKinley also opposed the free coinage of silver, as it was not wanted by the class who control the political situation. He said: "They [the Bimetallists] talk about silver being cheap money [i. e., it will give rising prices for commodities]. And gentlemen no longer conceal on that side and on this that the reason they want silver is because it is cheap [because it will raise the prices of commodities]. **I am not attracted by the word "cheap," whether it applies to nations or men, or whether it applies to** MONEY. Cheap, as the term has been employed in this debate [i. e., rising prices for commodities] is an evidence of financial demoralization and commercial inferiority. 'Cheap' is a badge of degradation, whether it applies to individuals or whether it applies to money." (Speech in the House, June 25th, 1890.)

[2] In the words of Napoleon McKinley: The advocacy of free silver by the Democratic party in Ohio "enjoins **the importance and necessity of the friends of honest money [i. e., the robber gold standard] standing together** AS IN ALL CONTESTS IN THE PAST THEY HAVE BEEN FORCED TO STAND TOGETHER



"IT WAS ONLY BY INCREASING THE PURCHASES OF SILVER THAT FREE COINAGE COULD BE HEADED OFF."

IX. EFFECT OF A FREE COINAGE LAW AT 16 TO 1.

The various stages of the effect of such a law is what we must trace out as fully as it is possible to do. In considering this question the first thing for us to know is, What does it mean to bring about a change in the market ratio of silver and gold from about 23 to 1 to 16 to 1?

A. *WHAT A CHANGE FROM A RATIO OF 23 TO 1 TO 16 TO 1 MEANS.*

When the market ratio between gold and silver is at **23 to 1** it means that 23 ounces of silver bullion equals in its exchange value in commodities, one ounce of gold bullion.

Countries that use gold as money *at its bullion value* are **gold-price countries** (gold standard countries). Countries that use silver as money *at its bullion value* are **silver-price countries** (silver standard countries).

Export and import prices in the different countries using **gold** are kept **at the same level** (less the cost of transportation) through merchants purchasing in the cheapest markets and settling the balances of trade *by exporting gold bullion;* the export of bullion lessening the volume of money until prices fall sufficiently to bring prices to the level of other countries. Same effect, page 16 above.

The same is true as to silver standard countries.

Previous to 1873 there was a practically constant ratio between silver bullion and gold bullion. This united the world commercially, for a gold-price country could trade with a silver-price country just as well as it could trade with one using gold. Under this bimetallic standard the ratio between silver bullion and gold bullion was about 15½ to 1.[1]

With the Repeal of the bimetallic laws of France and the other members of the Latin Union in 1873 and '4, **there was severed the tie which held the ratio between gold bullion and silver bullion constant at about the legal ratio,** namely, 15½ to 1. **Then the ratio between these two metals increased;** in 1875 it reached nearly 17 to 1; in 1886 it ranged from 20 to 1 to 22 to 1. At this time silver prices had fallen about 10 per cent and gold prices had fallen about 30 per cent.[2] In

[OR BE OVERTHROWN]." (Speech in the Ohio campaign of 1891, Niles, August 22; McKinley's speeches, p. 542.)

[1] Page 124, above.

[2] In the words of Alfred Marshall, Professor of Political Economy at Cambridge University, and an advocate of the continuance of the gold standard in England, in his evidence before the English Gold and Silver Commission, December 19, 1887: "I take Mr. O'Conor's statement as representing

1889 the ratio between silver bullion and gold bullion was about 23 to 1.

The cause of gold prices falling more than the silver prices was **the increased use of gold as money.** For example, Germany melted a great quantity of her silver money and put gold in its place; this gold coming from the United States, England and France. Later, the United States resumed specie payments on the gold basis and imported gold from the European countries. Italy did the same. In Denmark, Norway and Sweden silver money was melted and gold put in its place, this gold being drawn from other countries. *All this tended to spread gold out more and more thinly and thus lower gold prices.*

We will now consider what in 1890 must have occurred to change the ratio of 23 to 1 (the then existing ratio) back to 16 to 1.

B. *CHANGE FROM 23 TO 1 TO 16 TO 1.*

1. *General Statement.*

It was this: Gold prices must have been raised and silver prices lowered until the export and import prices in gold-using countries and silver-using countries *should have met at 16 to 1.*

To secure this, gold must have been exported from the United States into the gold-price countries (thus raising gold prices) and silver have been imported into the United States from the silver price countries (thus lowering silver prices). **This would have been secured by a 16 to 1 law of the United States; and we had such an amount of gold that the ratio of 16 to 1 would have been re-established and we still have had gold money in circulation in the United States.** Proof of this is as follows:

2. *Effect of a 16 to 1 Law.*

(1.) The silver money in use in gold-price countries is at 15½ to 1 and therefore *would not have come to the United States when the mints had been opened at 16 to 1.* Therefore

(2.) The effect of opening the mints of the United States to the free coinage of silver and gold at 16 to 1 would have been that silver bullion would have flowed in *from the silver-price countries* and gold money in the United States have been melted to export *to the gold-price countries.* **This would have raised gold prices and lowered silver prices.** This inflow of silver and outflow of gold would have continued (a) until the ratio of 16 to 1 *should have been re-established,* or (b) until all the gold money in the United States *should have been withdrawn from circulation and exported.*

roughly the truth, that gold prices are 30 per cent lower and silver prices 10 per cent lower than they were." (29739.)

(3.) As the amount of gold money in the United States in 1890 was about **695 million dollars** and as the increase in the purchase of silver of **2 1-2 million ounces per month** (about 2½ million dollars) resulted in a change of ratio **from 23 to 1 to 17 to 1 and at the same time very little gold was exported,**[1] it is manifest that HAD THE MINTS BEEN THROWN OPEN TO THE COINAGE OF SILVER AND GOLD AT 16 TO 1, THE INCREASED DEMAND FOR SILVER IN THE UNITED STATES AND THE DECREASED DEMAND FOR GOLD WOULD HAVE BEEN SUCH AS TO HAVE SURELY RE-ESTABLISHED THE RATIO OF 16 TO 1 AND THERE WOULD STILL HAVE BEEN GOLD MONEY IN CIRCULATION IN THE UNITED STATES. In short, our 695 million dollars of gold would not all have gone abroad for the increase of our purchases of 2½ million ounces of silver (about 2½ million dollars) resulted in the ratio changing from 23 to 1 to 17 to 1 and it would have gone to 16 to 1 *had not the demand for gold in Europe and Argentina been* **greatly increased.**[2]

[1] See note in next section.

[2] The export of gold from the United States during the year preceding July 1, **1889,** was 49,000,000 dollars, whereas for the preceding year the net import of gold into the United States was 25 million dollars (U. S. Statistical Abstract, 1894, p. 51). During this year (1889) "the usual Bank of England rate for money payable on demand ['call'] averaged about 3 per cent. **January 1, 1890,** the bank minimum was advanced to 6 per cent. * * * It was not until the **middle of February** that the tension was relaxed, and on the 19th the Bank of England rate was reduced to 5 per cent. * * * **March 12,** the bank rate was reduced to 4½ and on the 19th to 4 per cent." During the latter part of March "there were indications of a movement of gold not only to South America, but to Berlin, where the Bourse was in a critical condition. * * * The Argentine crisis was grave **early in April.** * * * **Early in May** it was evident that the Argentine Republic would require large amounts of gold, but the fear of this withdrawal seemed to be counteracted by the advancing tendency of all silver properties dealt in on the London exchange and the market was active and strong for the remainder of the month. * * * In **June** money suddenly grew stringent in London, caused by the gravity of the political and *financial crisis at Buenos Ayres,* and also by *the failure of a heavy speculator on the London Market in American securities.* * * * Early in **July** the Argentine National Bank suspended payments of interim dividends. * * * On the 30th the Bank of England rate was raised to 5 per cent on news of *the financial panic in Buenos Ayres and Montevideo* which caused an advance in the premium on gold [in Argentine] to 220 per cent. Heavy selling of South American securities followed, and *the feeling on the London Exchange was at times panicky.* The passage of the silver bill by our Congress brought about another rise in the price of the metal in London, but it did not greatly stimulate rebuying of Americans. * * * Early in **August** the open market rate in London fell on the receipt of more gold from New York, and the speculations in silver were encouraged by the signing of the silver bill by President Harrison. * * *

You naturally ask, what would have been the effect of free coinage on general prices and business?

C. *EFFECT OF FREE COINAGE ON PRICES AND BUSINESS.*

To get an idea of what would have been the effect of the increased

On the 20th the Bank of England reduced its rate to 4 per cent. * * * About the middle of **September** shipments of gold to South America made the markets stagnant and there were fears of a movement of the metal to New York in consequence of the stringent money market at that centre, but these fears were allayed by news of large purchases of bonds by the Secretary of the Treasury. **October 1** the Bank of England rate was raised to 5 per cent; there was *an urgent demand for gold for Portugal, Brazil and Egypt*, and the stock market grew feverish with wide fluctuations in silver [as measured in gold] as the feature. Failures in the South American trade, bank suspensions in South Africa, and the lockouts of the iron men in Scotland, combined to cause an uneasy feeling for the remainder of the month. Early in October, the American branch of the London Exchange was depressed by rumors that large houses trading in these securities were embarrassed, and that at the first semi-monthly settlement one house had to be assisted over. About the middle of the month there were expectations of a drain of gold to Germany for the new Conversion Loan of 235,000,000 marks, and the Imperial Bank of Germany advanced its rate to 5½ per cent, but [the stringency of the money market in England was such that] *no gold was sent to Berlin*. The feeling on the London Exchange continued to grow worse and *there were fears of a panic*, but it was averted, *although there was a sharp fall in all securities*, **particularly American.** Toward the close of the month * * * **the steady fall in prices on the New York Exchange** made speculators in London uneasy as the last settlement day of the month approached. Trouble was again prevented by extending relief; but the tension increased early in **November** and **a further fall in the New York market seemed to aggravate the situation.** The Bank of England rate was unexpectedly advanced on Friday, the 7th, and the effect upon London and New York was depressing, for the reason that it was felt that it foreshadowed some **grave emergency**, as indeed it did. On the 15th, the announcement was made that the Barings had been compelled to call upon the Bank of England and the Rothschilds, and other great financial houses to relieve them. The shock of this revelation was startling, but the full effect was in great measure counteracted by the statement that between the 7th—when the Bank of England was advised by the Barings of their critical condition—and the date of the public announcement, a syndicate had been formed which had undertaken to liquidate the affairs of the house, and that a guaranty fund of 15 million pounds had been subscribed for the purpose. * * * It was reported that **the Bank of England had borrowed from the Bank of France 3 million pounds at 3 per cent for three months and that about £1,750,000 had been obtained from St. Petersburgh.** The London market was very feverish until the 20th, when the fact that the Bank of England had not raised its discount rate and that it had gained £3,420,395 bullion during the week, had a reassuring effect and the market sharply recovered. * * * On December 4th, the Bank rate was reduced to 5 per cent, the stock of bullion then amounting to £24,895,849, the highest of the year." (Appleton's Annual for 1890, p. 301.)

use of silver through free coinage at 16 to 1 let us look at the effect of the increased use of silver *which did take place:*

1. *The Effect of the Silver Purchase Law.*

It resulted in a change of ratio from 23 to 1 to 17 to 1. **The increase in the volume of money was about 3 million dollars per month and this increase began August 13, 1890.** At the same time this increase in the volume of money in the United States **was more than offset by the greatly increased demand for money in Europe and Argentina** (data set forth in the preceding note). **This great demand for money** IN EUROPE **was in a measure supplied** BY OUR SILVER MONEY DISPLACING GOLD, WHICH THEN WAS EXPORTED.[1] **Europe's demand for gold was such that general prices fell throughout all the gold standard countries, including, of course, the United States.**[2] The heavy demand for money in Europe and Argentina caused a correspondingly great demand for money in the United States.[3] The

[1] For 1890 the net export of gold from the United States was $7,800,000; for 1891 $70,000,000 during the first seven months, a little over 26 million being shipped in May. (Appleton's Annuals for 1890 and 1891.) As to

The Effect of This,

James P. Carey, Financial Editor of the New York Journal of Commerce, says: "The loss of this $70,000,000 gold was *offset to some extent by the issue of treasury notes against purchases of 4,500,000 ounces per month of silver bullion.* **Mainly for this reason the rate for money on call [in the United States] was not greatly deranged,** and indeed it did not rule above 6 per cent except early in January, during 1891." (Appleton's Annual, 1891, p. 287.)

President Harrison, in his annual message to Congress, December 9, 1891, stated that under the silver purchase law there had during the year been issued "$50,577,498 of the treasury notes authorized by the act. * * * That **the increased volume of currency** thus supplied for the use of the people **was needed, and that beneficial results upon trade and prices have followed** this legislation, I think, must be very clear to everyone; nor should it be forgotten that for every dollar of these notes issued a full dollar's worth of silver bullion is at the time deposited in the treasury as a security for its redemption."

[2] For 1890 the fall in general prices in the United States was 1.9 per cent, for 1891 one-tenth of 1 per cent. In England the statistics of Sauerbeck show for 1890 and '91 the same *average* as for 1889, but in 1892 a fall of 4 points.

[3] The demand for money in the United States was such that during the third week in August "186 per cent was reported for 'call' money."

One of the causes of this was that "the market was affected by gold exports to London and by a reduction in the bank reserves from" a surplus of about 9 millions on the 2nd to a deficiency of about 2½ millions on the 30th. The Secretary of the Treasury announced that he would pay out 20 million dollars for bonds "on and after September 1, with interest to maturity of the bonds. This made the tone of the money market easier at the close of the month. **September** 5th money was advanced to 13 and on the 12th to 18 per cent. * * * The Secretary of the

effect on business in the United States of this demand for money in Europe was disastrous.[1] Had there been free coinage of silver and gold at 16 to 1 what would have been the result?

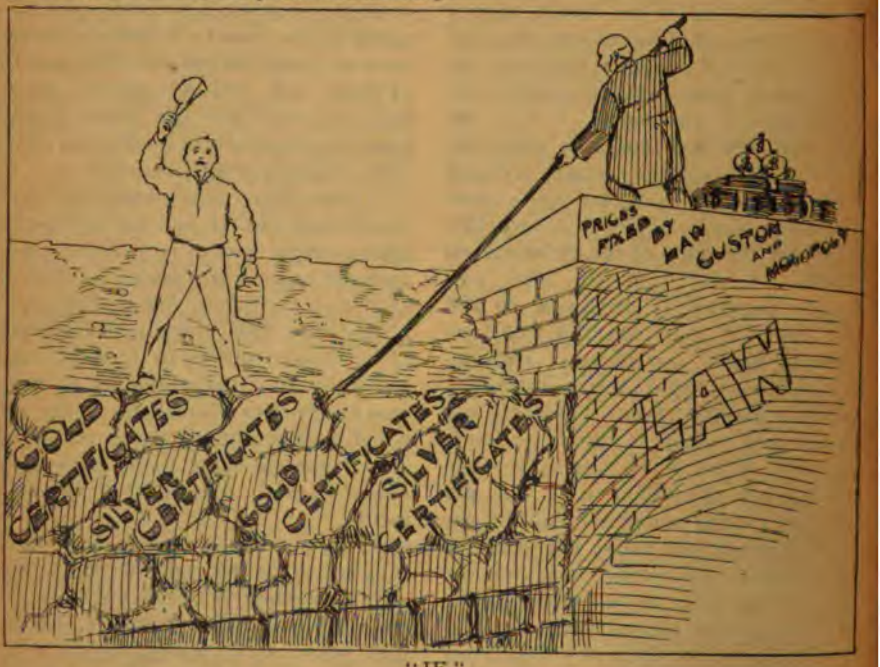
Treasury, finding that offerings of 4½ per cents for redemption were comparatively small, sought to relieve the stringency in the market by offering to pay interest on the 4 per cents for a year. This failing to afford relief by reason of the small demand for this interest, he decided on the 13th to buy 4 per cent bonds. * * * He secured $17,071,150 4 per cent bonds called for by his notice of the 13th and payment of $21,617,673.77 for these *at once relieved the money market.* The rate fell on the 19th to 2 per cent and it was easy to the close of the month. * * * In **October** money was in good supply until the end of the second week when the bank reserves fell off" from a surplus of 12 million October 4th, to "a deficiency of $349,225 * * * and **the rate on call rose to 30 per cent,** but toward the end of the month money began to return from the interior and the condition of the banks improved. In **November,** money was active until after the middle of the month. * * * **On the 11th, 186 per cent was recorded.** * * * Confidence was partially restored after the 12th by the action of the clearing-house, which decided to issue **certificates for the relief of the embarrassed banks.** * * * On the 19th, call money temporarily advanced to **186 per cent.** * * * On the 29th" the clearing-house certificates had increased until "there were outstanding *about $9,000,000 of them.* [Thus did the banks coin money to supply the deficiency.] When they were first issued the charge of one-fourth of one per cent per month commission and six per cent interest was made, but later the commission was waived and then the demand for them became more liberal. The maximum outstanding was $15,205,000 December 13th; but thereafter the amount was gradually reduced to $12,995,000 by the end of the month. Early in **December** money on call was comparatively easy, but the bank return of the 6th showed a reduction in reserve to $2,429,650 deficiency, and on the 8th **money rose sharply to 186 per cent."** (James P. Carey, Financial Editor of the Journal of Commerce; Appleton's Annual Cyclopædia 1890, pp. 301, 304.)

[1] The Comptroller of the Currency for the United States, in his Report for the year ending October 31, 1891, thus describes **the effects of the stringent money market:** "Inability to place securities and to borrow money had arrested the operations of a great multitude of corporations scattered all over the country, and insolvency and failure had in a large number of cases ensued. Where failure did not take place new work was stopped, all credits were curtailed and business in its different forms became greatly depressed. The growth of cities and villages was in many cases arrested and the prices of city property, especially of a suburban character, became greatly reduced.

"Corporations newly organized, with insufficient capital and inexperienced management, generally became insolvent and speculative operations of every kind and character were prostrated. Liquidation took place in all branches of business, resulting in the failure and extinction of a large number of business enterprises which were never entitled to credit, and in the curtailment of the operations of many possessing ample capital and skillful management.

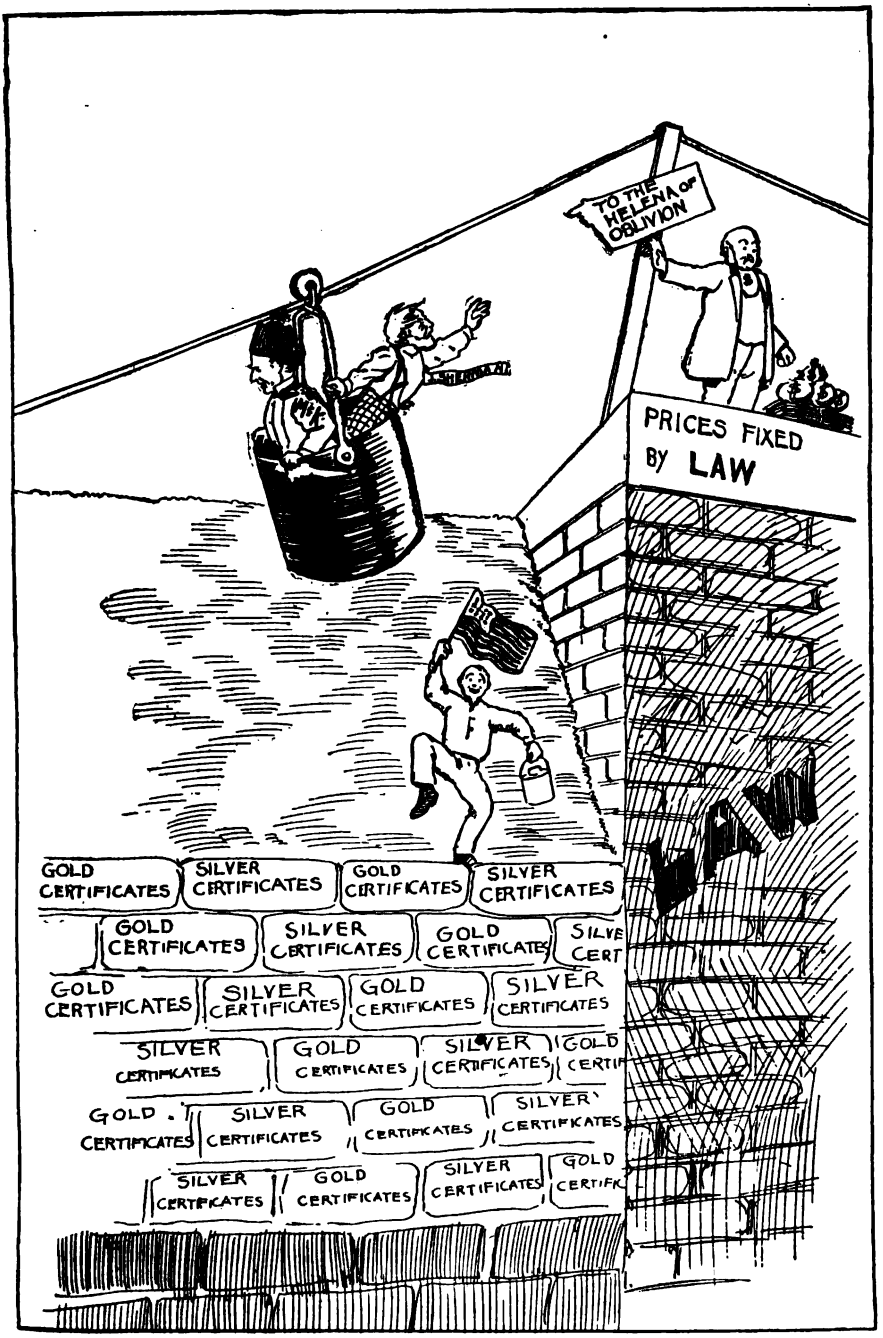
"The process of liquidation above referred to did not end with the monetary stringency in December, 1890, but has continued since that date, and its influences are still felt and its effects observed. The subject is here discussed

The additions of money through the Silver Purchase Law, while it helped to sustain general prices, did not keep them from falling.



"IF"

"If the free coinage law had been passed we would have had slightly Rising Prices with Business Stimulated, instead of Falling Prices with Business Partly Paralyzed."



"IF."

If a free coinage law had been enacted the results would have been as above set forth.

The Effect on Business of Free Coinage at 16 to 1.

We would have had *a larger volume of money in the United States* and **this would have prevented the disaster which overtook us,** and besides we would have *given off more gold to Europe,* **and this would have saved them from the injuries which resulted from scarcity of money.** In short, THERE WOULD HAVE BEEN SLIGHTLY RISING PRICES WITH BUSINESS STIMULATED, INSTEAD OF FALLING PRICES WITH BUSINESS PARTLY PARALYZED.

We shall now resume the history of the conflict between the moneyed interests and the interests other-than-moneyed.

X. THE CONFLICT BETWEEN THE MONEYED INTERESTS AND THE INTERESTS OTHER-THAN-MONEYED, 1890-96.

Next in order of time after the passage of the Sherman silver purchase law was the meeting of Congress in the following December.

A. *EFFORTS OF THE CONTRACTIONISTS.*

The moneyed interests of this country and of Europe, through their New York agents, did not take kindly to the new silver purchase law which they had helped pass to head off the free coinage of silver. At the beginning of this session of Congress they brought in a bill for *reducing the amount of silver to be purchased by the Government.* The amount they inserted in the bill to be purchased yearly was 12 million ounces, in place of the 54 million ounces which the law then in force provided for.

because of its intimate connection with **the bank failures of 1891."**

The extent of the monetary stringency the report shows, by stating that **in the cities of New York, Philadelphia and Boston, the "exigency made it necessary to resort to the issuing of clearing-house loan certificates** for the purpose of settling clearing-house balances. This expedient had been successfully resorted to during the panics of 1873 and 1884." New York issued 16 million dollars in certificates, Philadelphia 5 million dollars and Boston 8 million dollars.

A more general statement of the condition of business for the year ending October 30, 1891, is thus stated by the Comptroller of the Currency in his Report (page 3): "During the larger part of this period severe depression was experienced in all sections of the country and business in its various forms was contracted in volume and unsatisfactory in results." And again he says (p. 85): "During the year covered by the report the country has been passing through a financial crisis unique in its character but of great severity. * * *

"Whenever we consider the immense shrinkage of values which the liquidations which the last 12 months involve, we are surprised that the association constituting the national bank system has not suffered more severely."

To Congress—For Silver Purchase law to increase Currency Issues.
The Bankers
SILVER PURCHASE MONEY
SPEECH MONEY PRICES
FOR MORE TO RAISE
SPEECH MORE
FOR MONEY
PRICES FIXED BY LAW

With their usual guile they entitled the bill "An Act to provide *against a contraction of the currency.*" The bill was brought up in the Senate for discussion December 30, 1890. The bimetallists, of course, offered amendments in the nature of free coinage. (See illustration, preceding page.)

B. *BIMETALLISM.*

They pointed out that to stop the falls in general prices we must have more money, and that silver money *at its bullion value* is much better than paper money. As to *partly-standard* silver money *redeemable in gold*, that is much worse than paper money redeemable in gold (same effect page 158, above).

January 14, '91, **the Senate passed the free coinage bill by a vote of 39 ayes, nays 27, absent 22.** Among those voting against the bill were Platt and Hiscock, of New York; Allison, of Iowa; Sherman, of Ohio, and Edmunds, of Vermont. **Again it was the East against the West.**[1]

The bill was taken over to the House and referred to the Committee on Coinage, Weights and Measures.

While it was in committee there were

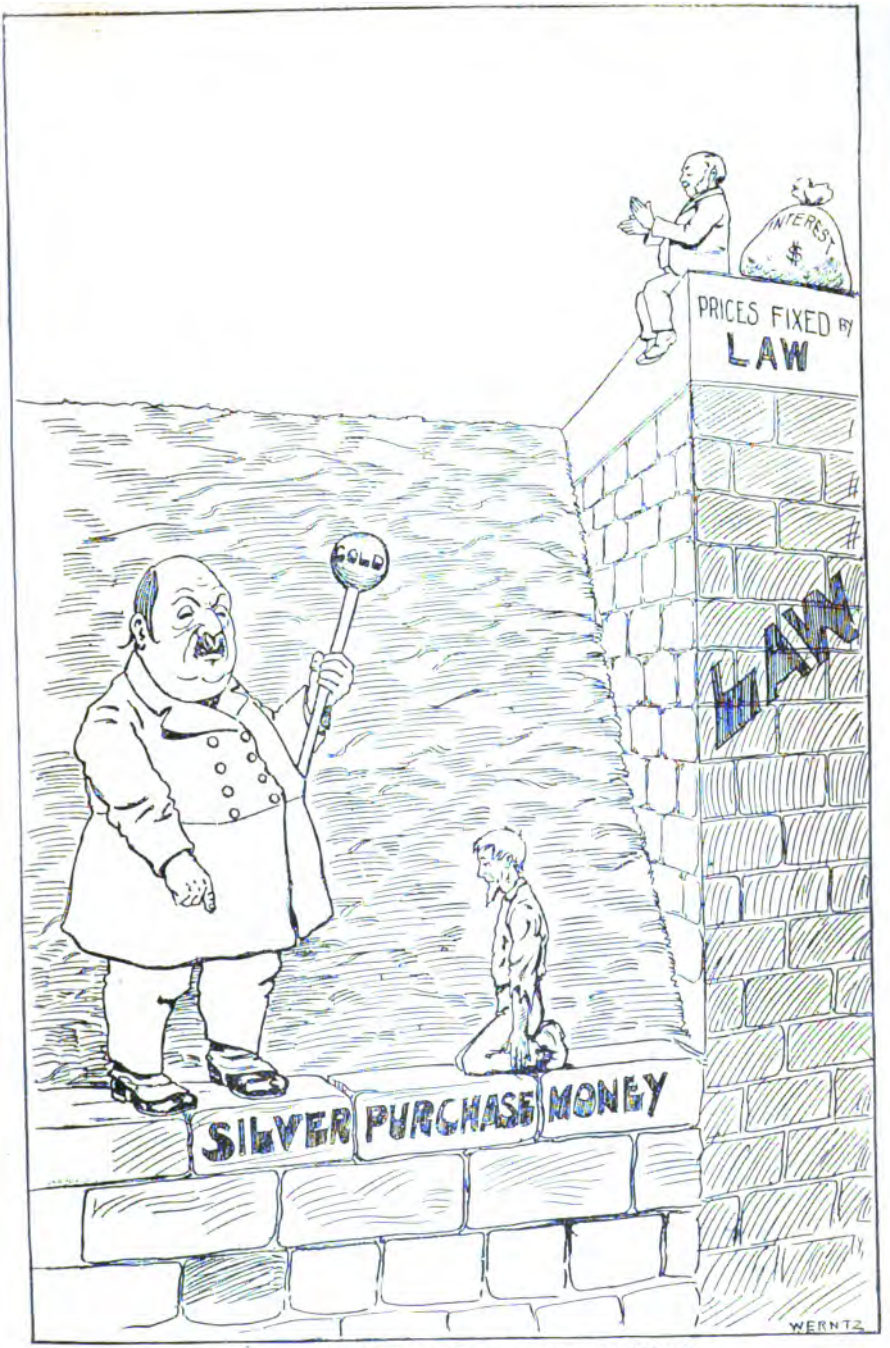
Mass Meetings

held in New York City and Boston. The one in New York, February 11, is thus described in a press despatch: "It was a monster mass meeting and was called to protest against the free coinage of silver in the United States. **It was entirely non-partisan.** * * * When Grover Cleveland's name was mentioned [advocate of the gold standard] it called forth a perfect ovation." E. Ellery Anderson was chairman. A letter of regret was read from Mr. Cleveland.

Grover Cleveland on Free Coinage.

He said: "It surely cannot be necessary for me to make a formal expression of my agreement with those who believe that the greatest peril would be invited [?] by the adoption of the scheme embraced in the measure now pending in Congress for the unlimited coinage of silver in our mints. If **we have developed an unexpected capacity for the assimilation of a largely increased volume of this currency,** and even if **we have demonstrated the usefulness of such increase,** other conditions fall far short of insuring us against disaster, if in the present situation we enter upon the dangerous [?] and reckless [??] experiment of free, unlimited and independent silver coinage." (See illustration, opposite page.)

[1] Appleton's Annual for 1891, p. 232.



GROVER CLEVELAND ON FREE COINAGE.

"If we have demonstrated the usefulness of such increase, other conditions fall far short of insuring us against disaster, if in the present situation we enter upon the dangerous and reckless experiment of free, unlimited and independent silver coinage [i. e. Rising Prices.]"

The next day this letter was widely commented upon. A press despatch from Washington said: "*It braced up all the anti-free coinage Democrats* **and relieved the Republicans of the fear of making it a party question.**"

Congressman Darlington, of Pennsylvania, is reported as having said: "It will make Mr. Cleveland **solid in Pennsylvania, throughout New England, in New Jersey and New York.** With these States behind him [in his race for the Presidential nomination in 1892] he need not be anxious about the South and West. The South and West are for him on the tariff question, and they may overlook the difference of opinion on the silver. **It does not make any difference anyhow if he has New York and these other States with him.**"

McKinley Replies to Cleveland.

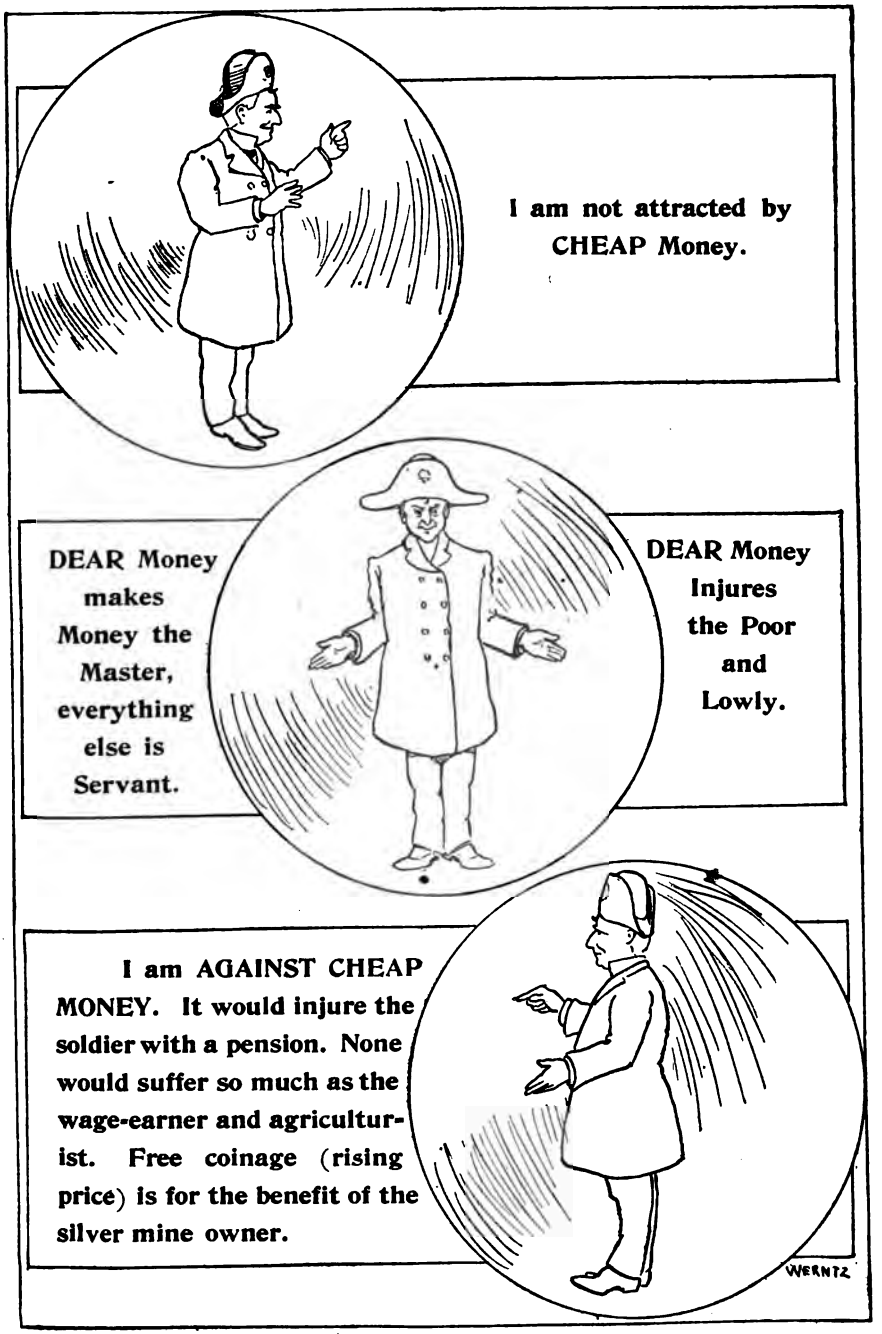
The next evening after Mr. Cleveland's letter to the Mass Meeting in New York was read, Mr. McKinley delivered a speech in Toledo in which he said: "Mr. Cleveland, during all his years at the head of the Government, was dishonoring one of our precious metals, one of our own products. He endeavored even before his inauguration to office to stop the coinage of silver dollars, and afterward and to the close of his administration persistently used his power to that end. He was determined *to contract the circulating medium* and demonetize one of the coins of commerce, limit the volume of money among the people, make money scarce and therefore dear [i. e. make falling prices for commodities]. He would have increased the value of money *and diminished the value of everything else*— **money the master, everything else its servant. He was not thinking of 'the poor' then.** He had left 'their side.' He was not 'standing forth in their defense.' Cheap coats, cheap labor, and dear money; the sponsor and promoter of these, professing to stand guard over the welfare of the poor and lowly. **Was there ever more glaring inconsistency or reckless assumption?**"[1]

When Did McKinley Lie?

Evidently when Mr. McKinley upbraided Cleveland for advocating "dear" money he did not think of how it would affect his own Presidential chances, for it was contrary to the interests of the moneyed classes and contrary to the position he had assumed in 1890. In a speech in the House, June 25th, 1890, against the free coinage of silver he said:

"They [the Bimetallists] talk about silver being Cheap money, [i. e. it will give rising prices for commodities.] And gentlemen no longer

[1] Toledo daily papers of February 13, 1891.


I am not attracted by CHEAP Money.
DEAR Money makes Money the Master, everything else is Servant.
DEAR Money Injures the Poor and Lowly.
I am AGAINST CHEAP MONEY. It would injure the soldier with a pension. None would suffer so much as the wage-earner and agriculturist. Free coinage (rising price) is for the benefit of the silver mine owner.
WERNTZ

WHEN DID HE LIE?

conceal on that side and on this that the reason they want silver is because it is cheap [because it will raise the prices of commodities]. **I am not attracted by that word 'Cheap,'** whether it applies to nations or men, **or whether it applies to money.** Cheap, as the term has been employed in this debate [rising prices for commodities], is an evidence of financial demoralization and commercial inferiority. **'Cheap' is a badge of degradation,** whether it is applied to individuals **or whether it is applied to money."**

Only four months after McKinley made his honest Toledo speech, he, in a speech at the Republican State Convention, June 17, 1891, accepting the nomination of Governor of Ohio, said:

"The Republican party **will set its face against a depreciated currency** [rising prices for commodities] **now as heretofore."** [1]

August 22nd of the same year, in a speech opening the campaign at Niles, Ohio, he said: "The Ohio Democratic platform declares for the free and unlimited coinage of the silver of the world, to be coined as freely as gold is now, upon the same terms and under the existing ratio." And he continued: **"I am against a depreciation of our currency** [against rising prices for commodities]." He then stated that free coinage is "for the benefit of the silver mine owner," and that gold would go out of circulation, and "the volume of our money will therefore be *contracted*" [i. e. money would be appreciated]. Later he contradicted this by saying that free coinage at 16 to 1 would "make this the dumping ground of the world's silver. The silver producer might be benefited, but the silver user, never. * * * **No class of people would suffer so much [from the rising prices] as the wage earner and the agriculturalist."** He gave as a further reason against free coinage that "the principal creditors of the government to-day are not the bondholders, nor the men of capital and large means, but the soldiers who fought the battle of the Union in the most sacred and stainless cause in which mankind was ever engaged. * * * Shall not the soldier have this great debt paid off in the same coin as the bondholder? **Ohio has never in the past given her vote for a debased currency** [rising prices for commodities] **and she will not do so in the future."** [2]

About one year later, September 23, 1892, in a speech in Philadelphia on "The Issues of 1892" Gov. McKinley said: The State Bank issues of paper money would be a thousand times more hurtful, more destructive to business and trade, more disastrous to every interest, than the free and unlimited coinage of silver—**bad as that would be.** [3]

Three years later, February 12, 1896, in Chicago Mr. McKinley said:

[1] "McKinley's speeches," p. 525.
[2] Same citation, p. 537.
[3] Same citation, p. 614.

"The Republican party would as soon think of lowering the flag of our country as to contemplate with patience or without interruption and opposition any attempt to degrade the medium of exchange [raise the price of commodities] among our people."[1]

Free Coinage Bill Killed.

February 21, 1891, the House Committee reported the Senate free silver bill. A majority of the Committee brought in an unfavorable report and so the bill fell by the way.

At this point it is interesting to note

C. *THE ATTITUDE OF THE INDEPENDENTS.*

February 21st an editorial in Harper's Weekly said: "The mass-meetings in Boston and New York, largely under the auspices of Independents [Republicans in favor of the gold standard] and Democratic voters, show that sound [?] views upon the subject are not peculiar to members of one party only [the Republican party]. * * * It is evident that while the Democratic tendency as a party is to **the disarrangement of the currency** [**free coinage of silver**] there will be vigorous party opposition also to such a course."

Here the "Independent" vote is said to be largely against the free coinage of silver *and therefore for a continuance of the gold standard.* This is in line with the conduct of the Independent Republicans in 1876, when they slandered Mr. Blaine and prevented his nomination for President, and it is in line with their conduct in, 1880 when they again defeated his nomination through the methods which we have set forth, and it is in line with their conduct when they bolted Mr. Blaine's nomination in 1884 and defeated him at the polls. **But their war cry was "Civil Service Reform,"** WHEREAS THEIR REAL OBJECTION TO THE CANDIDATE WAS HIS VIEWS ON THE MONEY QUESTION. This same double-face action was carried on by the Independents in their fight against Mr. Blaine in 1891-92. In an editorial, December 12, 1891, Harper's Weekly said: "The Independent vote is largely a civil service reform vote. * * * The nomination of Mr. Blaine and the campaign conducted by Mr. Clarkson [of Iowa] would hardly incline the Independent vote of the country toward the Republican party."

Further evidence that "civil service reform" was the cloak under which the "Independents" protected the gold standard with its falling prices is evidenced by the following editorial in Harper's Weekly: "Mr. Cleveland [**the gold standard advocate**] would command a large vote

[1] Chicago daily papers of February 13, 1896.

beyond his party which would not be given to any other Democrat, certainly not to Governor Hill **[bimetallist]**.

This was said January 11, 1891, and on April 18th another editorial in Harper's Weekly said: "The Farmers' Alliance could be propitiated only by accepting its free silver issue. If to propitiate it the Democrats should abandon Mr. Cleveland and adopt the free silver policy they would, of course, divide the party *and lose Independent support.* There is no doubt that Mr. Cleveland's recent silver letter, although it seems to have imperiled the chance of his nomination, has greatly strengthened him with the intelligence [?] of the country in all parties, **and large as his Independent vote has always been it would be much larger in 1892.** * * * Democrats are alarmed by the wild [?] silver schemes of their fellow partisans." (See illustration, opposite page.)

Early this year (1891) a political conference took place which is destined to mark an important epoch in American history. At Cincinnati, in May, the conference occurred which formed the People's Party.

D. *PEOPLE'S PARTY FORMED.*

Commenting upon this breaking away from the old parties Harper's Weekly, in its issue of May 30, said: **"Within the old parties there is no commanding question and therefore** NOTHING BUT PARTY FEELING TO HOLD THE VOTERS IN SUBJECTION."

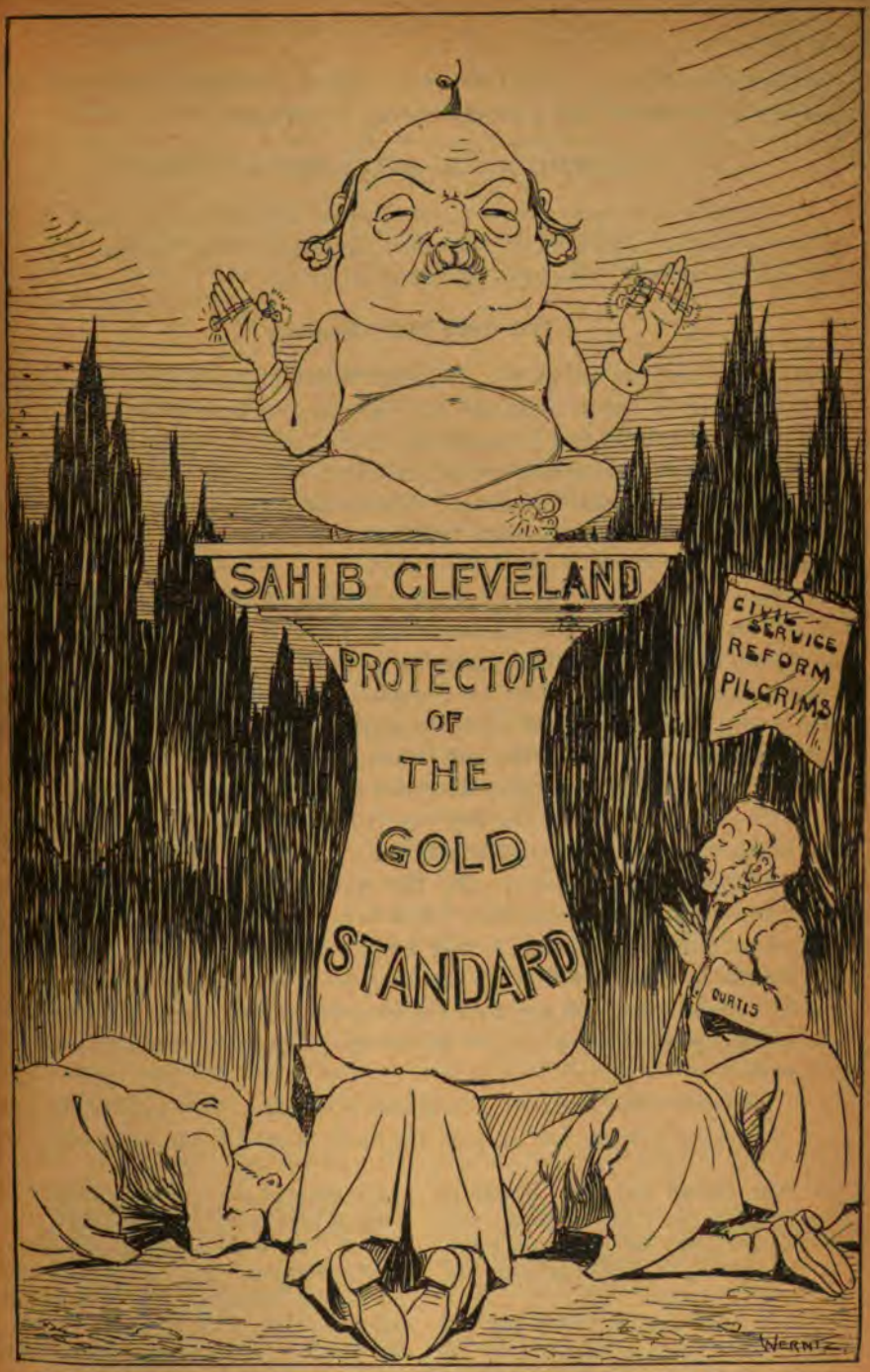
Next let us glance at the Business Interests. We find that

E. *FALLING PRICES CONTINUE WITH BUSINESS DEPRESSION.*

During 1891 general prices were stationary in England and in the United States, but business was depressed. The evidence that this is so has been set forth in the preceding sections. In January, 1892, **Austria put in force preparations for resuming specie payments in gold** and began to draw it from the United States. **During the year the amount of gold which Austria drew from the United States amounted to $59,485,000.**[1] **This drain of gold kept business from reviving.** The monetary stringency in the early part of the preceding year and in 1890 had greatly deranged and curtailed production, and this outflow of money from the United States during 1892 showed that *the general prices of commodities must go still lower;*[2] and with falling prices there could be no

[1] James P. Carey in Appleton's Annual Cyclopædia for 1892 says, p. 268: "From February to September, inclusive, about $46,935,000 gold was shipped hence to the Continent of Europe for Austrian account. This movement was renewed in November and by the end of the year $12,550,000 more had been sent, **making a total of $59,485,000.**"

[2] The volume of money in the United States was being little if at all added to and this in the face of the increase in population; in 1884 the Bankers' Magazine estimated that $40,000,000 per



REMARKS ON CLEVELAND'S LETTER AGAINST BIMETALLIC PRICES:
"Large as his independent vote has always been it would be much larger in 1892."
(Harper's Weekly, April 18th, 1891.)

revival of business. For this year (1892) **general prices in gold standard countries fell 4 points (about 6 per cent.)**[1]

F. *THE BIMETALLIC AGITATION CONTINUES.*

The falls in general prices in the United States and all gold standard countries resulted in a continued agitation for an increase in the volume of money. The free coinage of silver as

The Only Safe Remedy

continued to attract attention. **Senator Teller** (bimetallist), in a speech in the Senate on the free coinage bill, introduced December, 1891, said: "While I am on my feet I should like to call the attention of those who are to debate this question, to the real issue. I have never met a gold man who would discuss the issue. **The issue is, Is there gold enough to prevent general prices from falling,**[2] **and if not what are we going to do about it?** * * * * *

"I want some gold advocate to show that there is gold enough. I believe that they have all admitted that there is not. Then I want to have him show out of what material we can make any real money—money that does not have to be redeemed, money that is not a promise to pay—without the use of silver money. **There is no relief from this but in the use of silver.** No one has suggested it. The buying of silver and treating it as a commodity does not do it. * * *

"Since the failure of the Barings it has been the business of every great financial institution to increase its reserves at all hazards and reduce its credits, and that is why the national and state bonds of the world have shrunk $800,000,000. It is because the moneyed institutions must have gold at all hazards, they must sacrifice everything, they must sacrifice their securities and have gold or go into bankruptcy, and thousands of them must fail, for there is no gold to give them all reserves, *and business must shrink under the withering grasp of contraction, which is inevitable.*

"No gold man has ever suggested a remedy. No gold man has ever suggested how we can enlarge the basis of credit, the basis of circu-

year was needed for the increase in population in the United States, *provided general prices were to remain stable.* (This estimate is quoted at page 412, above).

[1] In England the fall was 6 per cent (Sauerbeck's Table of Prices). For the United States we have no table of prices for the entire year.

[2] In place of the words "Is there gold enough to prevent general prices from falling," the exact words used by Senator Teller were, "Have we gold enough for use as money?" These words *in connection with what he had before said,* are the equivalent of the words given in the text.

lation. **In private conversation everyone admits that we are on the downward grade toward bankruptcy, that prices are shrinking everywhere and enterprises are being crushed and destroyed.** Bonds that are out are now down. We thought the bonds would be paid, but now States and Nations are afraid of bankruptcy. They see that it is impossible for them to deliver."

The Senate passed the bill for bimetallism July 1, 1892, the vote standing, yeas, 29, nays, 25, not voting, 34. **It was again the East against the West.**

In the House,

action on the silver question was difficult, not only because of a difference among Democrats as to the best policy, but because of the possible effect of the course of the Democratic majority in the choice of a presidential candidate. But on February 10, 1892, the Committee on Coinage, Weights and Measures determined to introduce a bill for the free coinage of gold and silver; and on March 7 the Committee on Rules made a report setting apart March 22, 23 and 24 for debate on that measure. The report was adopted, after a sharp contest.[1]

On the 22nd of March the bill came up for debate, and there was an interesting discussion of the measure during the three days set apart for its consideration. "On March 24 came the test of its strength, when Mr. Burroughs of Michigan moved to lay the bill on the table. That motion was lost, **the vote of Speaker Crisp making a tie.**" "Much fruitless skirmishing over the measure followed and it was not until after midnight that the House adjourned without having taken any final action.

"Sixty-seven Republicans and 81 Democrats voted against the bill, and 11 Republicans, 130 Democrats and 7 members of the Farmers' Alliance voted in favor of it." It was the East against the West.[2]

"The subject could not be brought up for consideration again except through a report from the Committee on Rules setting apart a day for its disposal; and that course of procedure was not adopted by the Committee on Rules until July 13, when Mr. Catchings introduced a resolution from that body providing for *immediate consideration of the free coinage measure passed by the Senate* and continuing its discussion until

[1] The vote stood, yeas 190, nays, 85, not voting, 56.

[2] Appleton's Annual for 1892, title, Congress. When the Allison silver-purchase law of 1878 was passed in the Senate over the President's veto by a vote of 46 to 19, with several votes paired—*the entire senatorial representation of the eight Northeastern States* voted to sustain the President's veto and were unfavorable to the free coinage of silver. **This they did without regard to party lines** (five of the sixteen being Democrats and eleven Republicans). (Appleton's Annual Cyclopædia, 1885, p. 247).

finally disposed of." **The resolution was defeated,** the vote standing, yeas, 136, nays 154, not voting 39.

The free coinage question was not brought up again in the House during this Session.

Another phase of the question and one which helped to defeat the bill in the House of Representatives for the free coinage of silver "at 16 to 1, independent of the action of other countries" was the issuance of a call by the United States for a Conference to secure International Bimetallism.

G. *CALL FOR INTERNATIONAL BIMETALLIC CONFERENCE.*

The invitation was issued April 21, 1892, suggesting that delegates assemble at Brussels, Belgium, November 22—**about two weeks after the National Election should have occurred.** The invitation was accepted by the European countries. From the beginning there was no hope to secure the European coöperation for the free coinage of silver.[1]

This year (1892) was the year for the election of President and Congressmen and the foregoing events were shaped with reference to their political effect. We will now turn our attention to the Conventions, Nominations and the Election.

H. *THE CAMPAIGN AND ELECTION OF 1892.*

1. *Conditions in General.*

The moneyed interests of the United States and of Europe were, in 1892, anxious to repeal the silver purchase law. They had two reasons for this: First, that floating 60 to 70 cents worth of silver bullion as the equivalent of a gold dollar by making it exchangeable for gold is a much more vicious system of finance than though the material used for such money had, in itself, no exchange value. With this sentiment the producing classes of the country (as distinguished from non-producers—"moneyed interests") were thoroughly in sympathy. The moneyed interests, however, wished to repeal *unconditionally* the law which added silver to the world's volume of money; but those interested in preventing

[1] Proof of the fact that there was no hope of securing European coöperation for the free coinage of silver is the fact that when the conference met the resolution presented by the United States government simply stated that "it is desirable that *some measures* should be found for increasing the use of silver in the currency systems of the nations," and when discussion was commenced the conference considered the plan of increasing the use of silver *and still remain upon the gold standard.* **It was thoroughly understood that some of the principal gold standard countries would not adopt free coinage of silver.** During this conference there was at no time the slightest probability that the gold standard would be destroyed.

a further fall in general prices would not consent to this, for to stop adding $54,000,000 per year to the volume of money would result in the fall of prices *being increased.* Their desire was to use silver *at its bullion value,* **the same as gold is used.** This would do away with the evils of humpback monometallism and give stable prices after the change to bimetallism should have been made. The change to Rising Prices for a time would result in business activity.[1] **Rising Prices always result in "good" times for the interests other-than-moneyed.** (Page 80.)

Very naturally **in the election of 1892** for Congressmen, President, and State Legislatures for the election of United States Senators, **everything hinged upon, first, the character of the men** NOMINATED **by both parties, and, secondly, upon the character of the men** ELECTED.

As to the Power of those interested in keeping the volume of money down and therefore interested in continuing the gold standard, it was this:

2. *Power and Methods of the Money Power in 1892.*

The bankers in the United States had been *thoroughly organized for years* (page 371, above) and of course they had *acted as agents of the great bankers of Europe.*

Of the Methods which the bankers and other moneyed men employ to accomplish the ends they set out to attain, we have pointed out, namely, that they exert a strong personal influence, and control to a great extent the campaign funds; **the candidate who cannot secure the support of those who usually furnish the money for the campaign stands a mighty poor show of being nominated to say nothing of being elected.** See also above and below.

Such were the conditions under which the campaigns of the Great Parties were opened in 1892.

3. *The Contest within the Democratic Party.*

a. THE MONEYED INTERESTS IN NEW YORK POLITICS: GOVERNOR HILL'S DEFEAT.

In New York State the battle for the Democratic Presidential nomination began early. On February 22 the State Convention was held

[1] During the transition from humpback monometallism to bimetallism, the claim of the bimetallists was and is that there will be rising prices for property, that is to say "a scramble for property"—just the opposite of a "scramble for money." These "scrambles for *money*" are what we see when panics such as took place in *1884 and 1893* occurred; "scrambles for *property*" are the "panics" which took place *in the periods of rising prices in 1880 and 1881 and in the Spring of 1895.* This distinction is quite fully discussed in the latter part of this work.

for the election of delegates to the Democratic National Convention to be held in June. The contest was between Gov. Hill, an advocate of bimetallism,[1] and ex-President Cleveland, a gold standard advocate. Mr. Cleveland at that time had a law office in the vicinity of Wall Street, and while President, and also in 1891, had demonstrated that he was an advocate for the moneyed interests. In the selection of delegates to the convention, Gov. Hill secured more than a majority. *This, of course, was known by the moneyed interests* **and a concerted movement entered into to "bolt" the convention. The reason assigned** was that it was a "snap" convention. The anti-Hill Democrats met on the day assigned for the State Convention and in the same city, but formed a separate meeting and after issuing a protest against the action of the Democratic State Convention they adjourned to meet in Syracuse on May 13th.

The Regular State Convention

"adopted a platform in which they denounced "the new Sherman silver law," declaring it to be "*a false pretense*," and **an "actual hindrance of a return to free bimetallic coinage."**

The delegates selected were instructed to present to the National Democratic Convention the name of Governor David B. Hill as their candidate for President of the United States—"a Democrat who has led his party from victory to victory for seven successive years and who has never known defeat." They were further instructed to act as a unit. "said action to be determined by the vote of a majority of the delegates."

[1] **Hill a Bimetallist.**

Governor David B. Hill in a letter to a gentleman in Kansas, December 28, 1891, spoke against placing the executive power of the United States in the hands of "any man whose views are similar to the views of President Harrison, and who is pledged, like him, *to block every approach to free bimetallic coinage.* * * * **I am indignant at the rapacity of the gold monometallists** so reckless both of silence and of public opinion. Free bimetallic coinage is the demand of a vast majority of the American people. It gave us the parity of the silver dollar and the gold dollar for 80 years. **Free bimetallic coinage is the last word of monetary science.** To restore it safely, wisely, finally, is the mission of the Democratic party." (Chicago Times, June 19, 1892.)

The Democrats of New York in their State platform of 1891 declared that they "wanted the silver purchase law repealed because **it blocked the way to free bimetallic coinage."** David B. Hill stated this fact in a speech in the United States Senate, August 25, '93, and he further said: "That is exactly my position to-day. I am a bimetallist. I do not believe in a single gold standard nor a single silver standard, but **I do believe in the use of both gold and silver as the standard money of the country and in their free coinage in our mints at a proper ratio without discrimination in favor of one against the other."**

The "Bolting" Convention.

The "bolting" convention reassembled at the time and place adjourned to. One of the principal speakers was E. Ellery Anderson, who, at the New York mass-meeting February 11, 1891, protested against the free coinage of silver, declaring that "Mr. Cleveland stood emphatically for tariff reform and *against free coinage of silver*, **while Mr. Hill favored the free coinage of silver.**" The convention put forth an Address to the Democrats of the State, saying, "the issues involved in the pending campaign are of the utmost gravity. The issues are Tariff Reform, * * * and **Honest Money,** by which is meant the preservation at all times of an equality of the intrinsic values of our gold and silver currencies." (See illustration, next page; also page 26.)

The platform adopted declared for the gold standard until International Bimetallism should be secured.[1]

The Convention instructed its delegates "to act as a unit according to the determination of a majority of its members." **Ex-President Cleveland was their candidate for President** and the country was informed that "He is the choice of an overwhelming majority of the Democrats of New York and the country may rely with confidence on his ability to carry the State triumphantly in November."

This "bolting" Democratic State Convention secured in the National Democratic Convention the defeat of Gov. Hill as the Presidential nominee. (See evidence set forth below.) It was also the cause of the placing in the National Platform a straddle on the money question *similar to the one adopted in the Republican National Convention,* **thus keeping the question of falling prices and the remedy therefor out of the national election of 1892** (evidence set forth below). In view of this it is highly important that we discover if possible *the cause* of the bolt in the Democratic New York State Convention and *the cause of its success.* In this we are specially fortunate in having the "inside" history of the movement given to the public by one of the leaders.

[1] The financial plank was as follows:

The Demands of the Moneyed Interests.

"We approve the use of both gold and silver as money and we demand that all dollars, whether gold or silver, shall be equal in value to each other in fact as well as by declaration of law. We are opposed to the free coinage of silver by the United States alone at the existing rate of 16 to 1, because we belive that free coinage at that ratio will result in the immediate disappearance of gold from the business of this country; the use of silver [i. e., rising prices] will bring certain loss to every wage-earner and every savings-bank depositor, with impairment of credit and disastrous disturbance of business [?] of every kind. We demand the repeal of the Sherman silver bill of 1890 as an obstruction of international bimetallism and because it is rapidly bringing this country to silver monometallism with all its attending evils."

WALL STREET CREDITORS' DEFINITION OF HONEST MONEY.

"By Honest Money is meant the preservation of an equality of the intrinsic value of our gold and silver currencies."

b. "INSIDE" HISTORY DIVULGED BY A LEADING INTERNATIONAL BANKER AND A "REFORM" CLUB MEMBER.

In the July number of the Forum for 1895 there is an article by William Salomon on "Sound Currency" [i. e. "the gold standard the Dominant Political Issue"]. The publishers inform us that the writer "is a member of the firm of Speyer & Co., one of the leading international banking houses in New York City. He was a staunch supporter of Mr. Cleveland in 1892 and a member of the Committee on Currency of the Reform Club." Mr. Salomon opens his article in the following words:

"It was in the year 1891, the year before the last national conventions, that Mr. Cleveland wrote his famous letter on the importance of maintaining the stability of the currency [i. e. maintaining the gold standard], and the dangers menacing it through existing and threatened legislation. His unpopularity with the Democratic organization in New York is well known. **It was well understood that the choice of the state convention [for Presidential nominee] would fall upon Mr. Hill.** In contrast to Mr. Cleveland, **the views of Mr. Hill on the subject of silver,** and how far the United States might safely go in 'protecting' it, **were not surely known, and Mr. Hill was not at pains to make any clear statement on the subject.** CONSEQUENTLY A LARGE NUMBER OF INFLUENTIAL MEN IN THE CITY OF NEW YORK AND IN THE STATE FELT OBLIGED TO EXERT ALL THEIR ENERGIES FOR THE NOMINATION OF MR. CLEVELAND AND THE DEFEAT OF MR. HILL AT THE NATIONAL DEMOCRATIC CONVENTION IN 1892. It is safe to say that most of the men who took part in the 'anti-Snapper' movement *knew very little about the wickedness charged against the existing State organization, and bore little or no animosity toward the leaders.* They did know, however, that the managers of the Democratic organization had shut their eyes and ears to the sentiment of the State upon a question which they deemed vital to the interests of the State and country. With a right regard for the views of a vast majority of the Democratic party in New York, the regular State Convention was under obligations to choose a man whose utterances were clear and unmistakably on the side of a maintenance of the stability of the currency [i. e. the maintenance of the gold standard and the issue of the paper money by individuals through their banks].

"The dangers threatening the country from an overthrow of the existing basis of values [rise in general prices] which it was recognized would result from the triumph of any but a 'sound-money' [gold standard] candidate, *inspired vast numbers of men to go into the party organization which was to claim the field against the so-called Hill-Murphy-Sheehan*

machine. It was well understood that a reform of the tariff was to be the *nominal issue* of the campaign, *and that all the changes were to be rung upon that theme,* **but enthusiasm for a reform of the tariff would not have produced for the 'anti-Snapper' movement** 'THE SINEWS OF WAR.' **What did produce them was the conviction that the triumph of the Democratic party, with Mr. Cleveland at its head,** WOULD MEAN A REPEAL OF THE PURCHASING-CLAUSE OF THE SHERMAN ACT. A large number of the men who joined actively in the work of organization, though also tariff reformers, *could not have afforded to make the numerous self-sacrifices necessary in taking an active part in a canvass on any but such a vital issue as that of the maintenance of the integrity of the currency* [*i. e. the maintenance of the gold standard*]. THE WORK OF THESE MEN, HAPPILY, WAS WELL REWARDED, FIRST IN THE NATIONAL CONVENTION IN CHICAGO, AND SUBSEQUENTLY IN CONGRESS, BY A REPEAL OF THE PURCHASING-CLAUSE OF THE SHERMAN ACT."

Corroborative Proof of the foregoing statement is the following:

In the Democratic National convention, after it appeared certain that Mr. Cleveland would be nominated, the Syracuse delegation [anti-Hill] withdrew their contest. "George Lockwood, business manager of the delegation, expressed his satisfaction at the outcome of affairs. **'We merely wanted Cleveland for the nominee and believe that our being here brought about that result.'**

"Other members of the delegation expressed themselves substantially as did Mr. Lockwood."[1]

Resume.

What do you think of the foregoing, you whose interests are opposed to the moneyed interests? Will you now believe that the moneyed interests furnish campaign funds—"sinews of war?" Will you now believe that they get out and work in order to enhance their wealth by increasing the exchange value of money? Will you now believe that as to our financial policies they run *both* the leading political parties? If you care for further corroborative evidence you have it in the fact that money has doubled in exchange value in the United States during the past 22 years, and additional proof is set forth in the preceding pages. **Don't you think it about time for the interests other-than-moneyed to recognize the condition of affairs and take steps to secure themselves in the future against any further "legalized robbery?"**

We will now pass on to

c. THE DEMOCRATIC NATIONAL CONVENTION.

The Democratic Party held their National Convention in Chicago

[1] Chicago Times of June 22, 1892.

during the third week in June. The Republican National convention had been held in Minneapolis some two weeks earlier. It had as to the free coinage of silver adopted a "straddle."

Upon the assembling of the Democratic National Convention and a poll of the delegates it was found that Governor Hill could not be nominated—**his being a bimetallist had brought against him the entire strength of the money power,** and many of the delegates who came to the Convention anti-Cleveland were by the methods known to politicians turned into the Cleveland column. On this latter point Senator Tillman, of South Carolina, who was at the convention says: "There is no doubt that money was used lavishly and that there were pledges made in regard to the distribution of patronage as a means of controlling delegates and securing votes."[1] **Ex-President Cleveland was nominated on the first ballot.**

THE STRUGGLE OVER THE MONEY PLANK.

The chief lieutenants of Mr. Cleveland and the Moneyed Interests were ex-Secretary of War Whitney, of New York City and of Standard Oil fame, ex-Secretary of State Bayard, of Delaware, and Senators McPherson of New Jersey, and Vilas of Wisconsin.[2] These three latter were placed on the Committee on Resolutions. The two Senators *brought with them a draft of the money plank to be adopted.*

The Committee on Resolutions met and selected a Chairman and other officers. "Immediately a platform already prepared and practically the one finally adopted by the committee was presented and an *urgent effort made to rush it through the committee without reference to a sub-committee or debate.* Mr. Bayard and Senator Vilas were prominent in this, but the vigorous opposition defeated it and a sub-committee was appointed." Part of this sub-committee were the three Cleveland men just mentioned.

The foregoing text is the statement of Hon. Thomas N. Patterson, of Denver, a member of the full committee and the sub-committee. A further history of the proceedings as related by him is as follows :[3]

[1] Speech in the Senate January 29, 1896.

[2] Bayard of Delaware and McPherson of New Jersey had for years been advocates of moneyed interests, see page 416. Senator Vilas of Wisconsin was a recognized advocate of the moneyed interests, and Whitney of New York City, a very wealthy man through the success of the Standard Oil Company, was ex-President Cleveland's Manager of the Convention.

[3] The statement of Mr. Patterson is contained in an editorial of his paper, "The Rocky Mountain News," of September 1, 1895. It is headed, "A True History." It also contains a reprint of a statement by Mr. Jones of St. Louis, who was Chairman of both of the above Committees. The statement of Mr. Jones agrees with the narrative as made by Mr. Patterson.

"Inside" History.

"The sub-committee immediately met in private and commenced its labors. Every plank of the platform was quickly disposed of except that of finance. * * * The financial plank was under discussion four-fifths of the session, which commenced in the afternoon *and did not end until early dawn.*"

In the discussion **"every member announced himself in favor of free coinage, contesting but the manner of expressing his views in the platform."** On the part of the delegates from Colorado and Virginia (Mr. Patterson and Senator Daniel), it was claimed that the plank brought from the East "was uncertain and gave room for cavil about its meaning." Senators Vilas and McPherson and Mr. Bayard opposed any change, "not that they were opposed to free coinage, on the contrary they favor it, but the word 'free' as applied to the coinage was so liable to be misunderstood in the East and Northeast that it would through this ignorance lose the party many votes, which would not be allowed. Mr. Bayard was particularly in earnest in asserting this fealty to silver, and told in emphatic and pathetic language the services he had performed for the white metal." A substitute was then drawn up which omitted the word "free" yet unequivocally placed silver on a par with gold. "This was presented to Senators Vilas and McPherson and Mr. Bayard, who asked time to consider it. Senator Daniel, when shown the substitute, approved it, but Mr. Patterson said, 'The other side will never agree to it,' to which Senator Daniel replied, 'Yes, they will; they are honorable gentlemen; and when they say they favor free coinage and would declare openly for it but that the word 'free' is dangerous and will lose the party many votes in the East and Northeast they mean it.' To this Mr. Patterson replied: 'They will not. **They are not honest when they say they favor free coinage. They are deceiving us.**' Senator Daniel replied, 'You are mistaken, let me present it.' Sirs Bayard, McPherson and Vilas, however, would not consent to its change in any form. At this Senator Daniel turned to Mr. Patterson and said; *'I am astonished. I did not think this was possible.'* On a vote *the plank originally brought in was adopted* and the sub-committee adjourned to meet again at 8 o'clock before reporting to the full committee."

"An incident of the 8 o'clock meeting is well worth recording in this connection. Mr. Whitney, of New York, came into the room and requested some change in the Tariff plank. He wanted it a little more strongly 'protection'. After his wishes had been met he came to me and said: 'Mr. Patterson, I understand there is a serious difference over the Money plank.' I said: 'There is.' He asked 'What is it?' I told him

Senator Daniel and I wished the word 'free' to be inserted before the words 'coinage of silver', etc. He studied the proposition a moment or two and in very decided tones exclaimed: **'That's a vote-getter.** They should not object to that; let me talk with them about it.' He called Senators Vilas and McPherson aside and talked with them quite earnestly for fully five minutes. He returned, apparently quite disappointed and said: 'It is no use, they object to the word 'free' because it is a very objectionable word in the Northeast, in connection with money, and to adopt it would lose the democracy that section of the country.' I then remarked: 'But we are willing to accept an amendment which omits the word 'free' altogether." 'What is that?' he asked. I then explained the Atkin's amendment. Whereupon he again said in most emphatic language: "They will certainly consent to that. I think they will. **That's a vote-getter.** I will talk to them about it.' Again he held an earnest conversation with the Senators, when, returning looking more crestfallen than at first, he remarked: 'It is no use, they will consent to no change.' "

The fight was continued before the full committee but no change was made.

The Minority Report.

Mr. Patterson then made a minority report to the Convention, asking that the word "free" be inserted. The proceedings were thus reported by the Chicago Times the next morning: "His [Patterson's] characterization of the Republican platform as 'a contemptible straddle' was well received, but he was wasting his oratorical sweetness on the desert air and when he had concluded the question at issue was not subjected to a roll call. The convention was restless, the atmosphere sultry, and in an instant the amendment was voted down."

On the reading of the Majority Report "the statement that the Democratic party holds to the use of both gold and silver as the *standard* money of the country and the coinage of both gold and silver *without discrimination or charge for minting* was saluted with applause; but the response of the convention was *more pronounced* when Col. Vilas read the additional declaration that the dollars of the two metals should be of *the same intrinsic or exchangeable value.*" [1]

This "straddle" of the money question by the Democratic Convention was **in effect the same as the one adopted by the Republican National Convention three weeks earlier.** THUS WAS THE QUESTION OF FALLING PRICES AND THE REMEDY THEREFOR AGAIN SIDE-TRACKED BY BOTH OF THE LEADING PARTIES.[2] **This was agreed to,** we are told, **early in the year.**

[1] Report in Chicago Times.

[2] In an editorial the next morning after the adoption of the platform Carter Harrison's paper, the Chicago

4. *The Remedy of Bimetallism Side-tracked by Agreement.*

"It was well understood," says Banker Salomon in his burst of confidence to the people of the United States, "that **a reform of the tariff was to be the** NOMINAL **issue of the campaign** AND THAT ALL THE CHANGES WERE TO BE RUNG UPON THAT THEME." To the same effect is the statement made by the editor of Bradstreet in his review of business for the week ending July 8th, 1892, in which he speaks of "the appearance in a dangerous form of the silver agitation which up to the close of last week HAD BEEN CONSIDERED AS

Times (Democratic and for the free coinage of silver), said: **"The silver plank is for the equal coinage of the two metals but under such conditions as to practically state the Republican position.** It will be **accepted as such a straddle of the question as to practically remove it as an issue in the campaign."**

That the remedy of bimetallism was "side-tracked" *by both parties adopting practically the same policy* is further made manifest by the Letters of Acceptance of the nominees and the subsequent Campaign.

The Letters of Acceptance.

Mr. Cleveland in his Letter of Acceptance said: "The wants of our people arising from **the deficiency** or imperfect distribution **of money circulation ought to be fully and honestly recognized and efficiently remedied.** With certain conditions observed **"both gold and silver can be safely utilized upon equal terms in the adjustment of our currency."**

The **condition** to the free coinage of silver was that "every dollar put into the hands of the people should be of the same intrinsic value or purchasing power."

Mr. Harrison in his Letter of Acceptance declared for the Free Coinage of silver, subject only to the condition that gold and silver dollars "retain an equal value." He, however, did not leave it to be *inferred* that he favored Independent Action, as did Mr. Cleveland, but said: "I am quite sure that if we should now act upon this subject independently of other nations we would greatly promote their interests and injure our own." Reference is then made to "the monetary conditions in Europe," and the "unanimity with which the invitation of this Government for an International Conference upon this subject was accepted by all the Powers."

The Campaign.

The understanding entered into between the leading politicians of the Republican and Democratic parties that "a reform of the tariff was to be the *nominal* issue of the campaign" was, we have seen, carried out at the Conventions, the silver planks being practically the same. Their platforms agreeing, there was in the campaign little or no mention made of the silver issue by the two leading parties. That the campaign literature of the two leading parties dropped the silver question is the following: On the morning of election day the Chicago Tribune in an editorial, appealing for Republican votes, did not mention the free coinage of silver, except to state that the Republican party "presents them on the one hand protection to American labor and American product and a sound currency," and that the Democratic party on the other hand declared for certain principles, **but not mentioning the silver issue.**

SHELVED UNTIL THE PRESIDENTIAL ELECTION WAS OVER."

The foregoing shows that **the money power were "solid" with the Cleveland leaders and with the Republican leaders who were dominant at the Minneapolis Convention.** In this connection it is important to note that it is a matter of record that in 1892 the Sugar Trust furnished campaign funds to *both* the leading parties, with the understanding that their interests were to be looked after. And now we have this statement of a member of "one of the leading international banking houses" that "it was well understood that a reform of the tariff was to be the *nominal* issue of the campaign." The truthfulness of his statement is corroborated by the platforms adopted by the Republican and Democratic Conventions and the way in which the campaigns were actually conducted. **Thus were the people tied hand and foot, put into a sack and sold to the money power.** Verily we have good reason to pray that

> "God give us Men. A time like this demands
> Men whom the lust of office do not kill;
> Men whom the spoils of office cannot buy;
> Men who have honor—men who will not lie;
> Men who can stand before a demagogue
> And damn his treacherous flatterings without winking."

The moneyed classes by furnishing campaign funds to both parties and presenting "the tariff as the *nominal* issue" made of the campaign

A PUNCH AND JUDY SHOW.

This the moneyed classes have done in every Presidential campaign since 1872, except as to Hancock, the Democratic nominee in 1880, and Blaine, the Republican nominee in 1884. (See illustration, next page.)

The fact that the dominant element in both the Republican and Democratic parties in 1892 was the Moneyed Interests is one to be pondered over. Are their interests identical with the interests of those who are engaged in production (and this includes all who are engaged in trade and all who give useful service to society, the professional classes)?

5. ***The Moneyed Interests Versus the Interests Other-Than-Moneyed.***

No, **the moneyed interests are exactly opposite to those of producers.** When money increases in exchange value there is a proportionate decrease in the exchange value of products.[1] The increase in the

[1] It is as though money was in one side of a scale and the things against which it exchanges were on the other side; when one side goes up the other goes down—both cannot rise together nor fall together. See illustration at pages 25, 284, above.

A "PUNCH AND JUDY" SHOW

exchange value of money, i. e., Falls in General Prices, *is to the interests of the moneyed classes.* **Falls in general prices injuriously affect production and thereby injure all who work and all who have property devoted to production.** PRODUCERS, CAPITALISTS AND OWNERS OF REAL PROPERTY, REMEMBER THIS WHEN YOU CAST YOUR BALLOTS IN NOVEMBER.

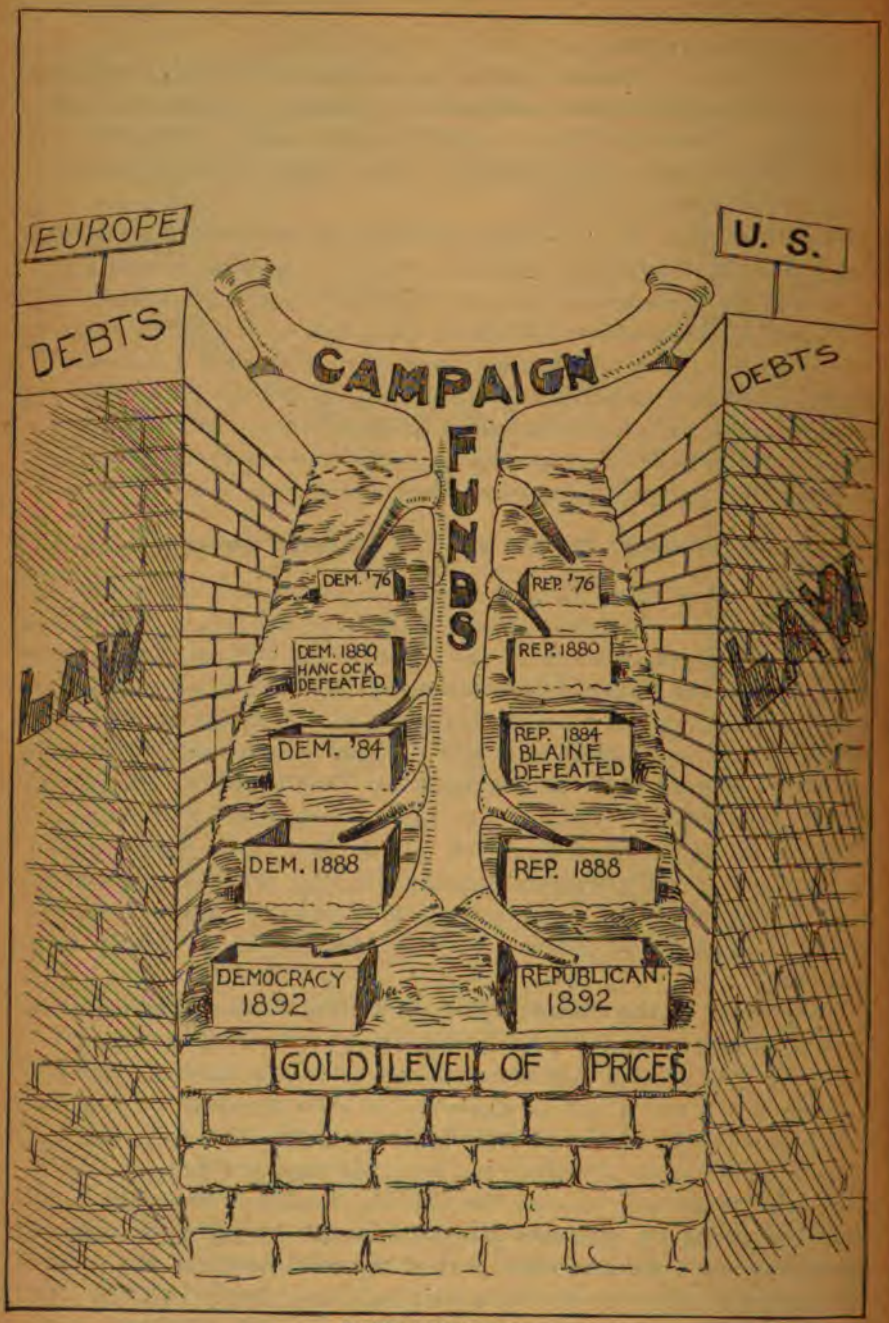
To think that the individuals placed at the heads of the two great parties in 1892 were not the brightest, brainiest and most ardent Truth-Seekers in the United States may be shocking to some, but to those who will think for a moment the following ideas will occur: They were the choice, first, of Party Primaries; secondly, of County Conventions; thirdly, of State Conventions, and fourthly, of a National Convention composed of delegates from the several states, chosen in the foregoing manner. Manifestly those nominated by the National Conventions must stand for the ideas prevailing in the nominating body.

6. *National Politics and the Moneyed Interests.*

It is a fact of history that the moneyed interests of the country are organized (pages 301, 477) and that with the money which they furnish for campaign purposes and the other efforts which they exert, **they have dominated in the National Conventions of the Republican and Democratic parties** EVER SINCE SILVER WAS DEMONETIZED **except in 1880 when Hancock was nominated, and when Blaine was nominated in 1884, but they secured their selfish ends by** DEFEATING THEM AT ELECTION TIME; (pages 404, 434. Illustration on next page.) In the words of President Cornwell, of the New York State Bankers' Association: "The politician, high or low, who to-day turns from the straight course of sound money and the gold standard, *stabs dead once for all his every chance of political success,* **especially if he wants to be President."** [1]

Aspirants for the Presidency of the United States recognize these facts of history. And they have either shaped their course so as to in reality "stand in" with the moneyed interests while talking to the general public in a way which is *apparently* to their interests, or they have stated their honest convictions in unequivocal terms *thus losing for themselves the chance of the Presidency* but retaining their self respect and the respect of those who realize the existing condition of things. But **shall the moneyed interests always triumph at the polls while not possessing one one-hundredth part of the sentiment nor the votes of the country?** They have secured their ends through ORGANIZATION and THE USE OF THEIR MONEY IN POLITICAL CAM-

[1] Closing words of a speech at the Chicago Bankers' Club Banquet, April 7, 1895.



PAST HISTORY.

PAIGNS. Those whose interests are other-than-moneyed should organize just as they are now doing. If they will continue in this "well-doing" and unite on a nominee for President and Vice-President it will not require any vast sum of money, as **it is the votes which are the final arbiters.**

We have taken the reader through the Convention of the Republican and Democratic parties and the Campaign as conducted by these parties. We shall now pass to the People's party.

I. *PEOPLE'S PARTY CONVENTION AND PLATFORM.*

The manifest side-tracking in the Republican and Democratic parties of all questions except that of the tariff, and the defeat of the formation of a Bimetallic party, *led to large additions to the other parties.* At Omaha, July 2, 1892, there was carried out the amalgamation of the parties agreed upon at the Cincinnati conference of the preceding year; (page 472 above.) The parties which came together were, the Union Labor, United Labor, Greenback and Farmers' Alliance parties. They called themselves the People's party — Populist party.

The principles declared were many, and on the money question covered a wide range, including a demand for **"free and unlimited coinage of silver and gold at the present legal ratio of 16 to 1."**

In the election the Populist party received **pluralities in the states of Colorado, Kansas, Nevada, Idaho and North Dakota.**

In our history of the conflict between the moneyed interests and the interests other-than-moneyed, the period of time next in chronological order is the number of congressmen elected by the several parties:

J. *THE "COMPLEXION" OF THE HOUSE.*

ELECTION.	DEMOCRATS.	REPUBLICANS.	
November 1888.....	160	170	.....
" 1890.....	234	88	8 Farmers' Alliance.
" 1892.....	216	129	8 People's Party.

K. *1892: FORMATION OF BIMETALLIC PARTY DEFEATED.*

The moneyed interests, in addition to "side-tracking" the question of Falling Prices, Partly Standard silver money, and the Division of the World commercially, **succeeded also in defeating the formation of a Bimetallic party.** This was effected through means which are best known to politicians and the thoroughly organized moneyed interests. Two of the leading factors which helped to prevent the formation of a Bimetallic party were the pendency of the International Monetary Con-

ference, called to meet soon after election, and the cunningly contrived financial planks of both the Republican and Democratic parties.

After the elections the silence on the money question which had been maintained by the Republican and Democratic leaders and by the moneyed interests was broken.

L. *AFTER THE ELECTIONS.*

1. *English Bankers Comment on Cleveland's Election.*

From London, the second day after the elections, there came a cablegram saying, **"Think Cleveland's election means the repeal of the silver law."**[1] In this connection it is a noteworthy fact that after the surreptitious dropping of silver from the coins to be minted in the United States, about the first intimation that the American public received concerning it was from Lombard Street, London; and there is the further fact concerning the foreign money power and its activity in the politics of the United States that the banker in New York, who in 1895 "crowed" over the management of the campaign of 1892, is a member of "one of the leading *international* banking houses of New York City."

2. *The View of the Election in Wall Street.*

From Wall Street the sentiment was that "the Sherman law would be repealed just about as quickly as Congress could get together to do it."[2] Fears, however, were expressed by Wall Street magnates "of a combination of Western Republicans and a Democratic majority on free silver."[3]

About November 15 Henry Allen wrote to the New York Recorder: "We are going to see an improvement in national finance. The Sherman act directing the monthly purchase by the Treasury of 4,500,000 ounces of silver *is certain to be repealed.* I should not be surprised, in fact, to see it repealed before the present Administration terminates. **An end of the free silver craze has come."**

November 19 the Chicago Tribune in an editorial headed

"Free Coinage is Dead"

said: "A Colorado paper makes a sad mistake in trying to reopen the agitation for free silver coinage, and alleging that 'the battle has just commenced in earnest.'" The editorial then goes on to say that **there is no hope of the European nations agreeing with us for the free coin-**

[1] Market Report to Baldwin & Farnum, Chicago.

[2] The above words were contained in a Chicago Evening Post market report reviewing the week in Wall Street ending December 10, 1892.

[3] Telegram from Wall Street to a Chicago broker, November 9, 1892.

age of silver. As to Independent Action by the Congress elected in November, 1892, it says: "A careful canvass of **the position of the next House of Representatives shows that a free coinage bill would have little chance among them.** Not less than 194 members can be depended on to vote for honest money [gold standard], leaving only 162 to vote the other way and **even if the majority should turn in favor of free coinage the bill would be vetoed by Cleveland."**

Before following the action of Congress after it assembled December 5th (1892) we will call attention to the following facts:

M. *CONTINUATION OF CONTRACTIONISTS' EFFORTS.*

From the time the Presidential Campaign in the United States opened until after Election Day **the great bankers in Europe,** who deal the most largely in gold and who therefore are in constant touch with the financial department of governments wanting gold, **did not continue to supply Russia and Austria with the gold which these countries were to accumulate,**[1] and it is likely that the financial officers of the

[1] The market reports which show the shipments of gold from the United States during June and the cessation of shipments from that time until after election are as follows:

New York, Saturday, June 4, "$1,500,000 in gold went abroad on to-day's steamer. Money was plentiful and it attracted no particular attention."

June 8, 1892. The financial column of the Chicago Tribune said "The gold shipment point is being again approached. In fact the last shipment was engaged with lower quotations than rule at present. *The arbitrary movements of the sterling market* continue to puzzle bankers. * * * It is estimated that about $16,000,000 in gold have gone to France during the last three or four months. Just why this country with a reserve of 61,000,000 pounds sterling and a m oney rateo 1 per cent should want this movement of gold is not clear."

For the week ending June 17, "$7,100,000 in gold has been ordered from the sub-treasury for shipment to Europe. It is for the Austrian Government for the purpose of forming the gold currency of that country under the new currency laws just passed. **This consignment is only a beginning, however, as it is expected that a similar amount will be sent out week by week until fall. The total amount required by the Austrian Government is $100,000,000, all of which, under existing conditions, will go from this country."** (New York market report to Chicago Tribune.)

For the week ending June 24, Bradstreet's review states the gold shipments to Europe as $5,250,000.

Gold shipments ceased from this time until after the National election, except an occasional shipment sufficient to remind the bankers and business men of the odious Silver Purchasing law. In detail the facts are as follows:

For the week ending July 1, R. G. Dun & Co.'s weekly review says: "*Money is abundant* at all financial centers with but a moderate demand, and collections are very good."

A New York market report under date July 2, to the Chicago Tribune, says of the Gold Exports: "In banking

other European governments were advised not to proceed with their accumulations of gold until after the election in the United States, as it is a, b, c to these bankers and financiers that to hoard gold in Europe or put it in the place of paper money lessens, the volume of money in the gold standard countries, *and the United States has to lose its proportion.* And they also knew that *for the United States to lose any considerable amount of gold* **would attract attention and reopen the demand for an increased use of silver by free coinage, independent of the action or consent of other countries.**[1] But with the election *safely passed* the bankers and bullion brokers of Europe were ready to go on with the financial operations which the laws previously secured, provided for. **This they did and it caused a disturbance in the European financial** circles *there are still assurances that this sort of thing is only temporary:* that it has about reached its end. * * *

"*Only one banking house of any consequence demurred* [as to the outlook for a cessation of gold shipments]; that was Ladenburg, Hollman & Co., who say that Wall Street people ought not to be quite so confident that the present gold shipments have run their course."

Bradstreet's review for the week ending July 8, speaks of "the appearance in a dangerous form of the silver agitation which up to the close of last week had been considered as shelved until the presidential election was over." It also speaks of "the diminished prospect of large gold exports."

For the week ending July 15, Bradstreet's says: "The money market again exhibits every symptom of an abnormal plethora of idle funds."

For the week ending July 22, Bradstreet says: "*Easy money is practically assured for some months to come* and the chief cause which has induced speculation hesitation—the revival of the silver bill, has faded away."

The week ending July 29, Bradstreet speaks of "the fear of gold shipments."

The week ending August 6, Bradstreet says: "The strength of exchange and the tangible danger of further extensive exports of gold hung over the market the whole week and exercised a restrictive influence."

For the week ending August 26, says: "The shipment of $1,500,000 gold to Europe on Wednesday was an unpleasant development. The fact that the amount was taken *in the face of a declining exchange market on positive orders accompanied by an advance adequate for the purpose in the premium market* **was taken as a reminder of the ability of Europe to draw specie from this country almost at pleasure."** (Chicago Tribune market report.)

No more gold was shipped from the United States until after the election, the gold needed for Austria being taken during this time from Germany, France and England. A New York market report of October 14, said: "Following the three weeks steady outflow of specie from the Imperial Bank of Germany come yesterday's returns in the other great European banks. The Bank of France has lost all told during the last fortnight nearly $1,300,000 gold and the Bank of England $8,000,000. Of the English outgo at least $1,000,000 has already gone to Austria and it cannot be doubted that most of the exported French and German specie has sought the same destination."

[1] To-day (July 24, '96), the Gold Brokers of the World have just completed an agreement whereby there shall be no gold exported from the United States until after election.

markets.[1] **And in the United States the export of gold was used as an argument for the repeal of the Sherman silver purchase law,** the cry of the advocates of the gold standard being that the loss of gold from the Government reserve would result in our sliding to a silver basis.[2]

To the bimetallists, the loss of gold was also an argument for the repeal of the silver purchasing act and the putting in its place a provision for the free coinage of silver as well as of gold.[3] Those desiring an increase in the exchange value of money, combatted, of course, the free coinage of silver.

Besides the foregoing, the moneyed interests were able to hold over the Congress about to assemble **an additional reason for the unconditional repeal of the Sherman silver purchasing act.**

Threatened Closure of Indian Mints to Silver.

In the crusade for the demonetization of silver, the closure of the British Indian mints to the free coinage of silver was, of course, *one of the points to be secured.* But India was prospering under the silver standard,[4] the only drawback being that the debts owed by the Indian government and by many individuals, were payable in gold, so that with the increase in the exchange value of gold the debts became heavier and heavier. This increasing burden, however, *would not be lightened by closing the Indian mints to silver,* therefore the people of India and those

[1] The second day after the election in the United States a London cablegram said: "The chief cause for disturbance in the European financial markets just at present is the belief that the withdrawals of gold held for Russian account in London, Berlin, and other financial centers, *are about to be resumed on a large scale.* It will be remembered that a demand for a large amount by the Russian Government on its then fiscal agents in London was what precipitated the Baring smash of two years ago." (Chicago Evening Post.)

[2] November 26, a Wall Street telegram announced the export of $600,000 of gold to Europe. **"Exports of gold in November are without precedent during the past twenty-five years. * * * "Unless the Sherman law is repealed very soon it will be too late.** So much of our gold will have gone abroad or will have been hoarded at home that it will be impossible for the Government to redeem in gold all the silver and paper money presented."

The New York World of November 29, 1895, said: "Far more important than the possible exportation of a few millions of gold is **the demand for action on the present compulsory silver coinage law."**

[3] Those opposed to the appreciating gold standard said: The Government has no more right to *buy* silver bullion for the purpose of affecting its market price than it has to buy wheat for the same purpose. The Government ought to *open the mints and coin all the silver that is presented for coinage* [the same privilege accorded gold], as this course would "neither 'bull' silver nor 'bear' it, but **restore it to the coinage value taken out of it when its coinage was discontinued."** (St. Louis Post-Dispatch, Dem.)

[4] See pp. 130, 133, above.

Englishmen who had the welfare of India at heart fought against it. On the other hand, those in England engaged in the cotton manufacturing industries were at a disadvantage with the East Indians, as also were the agriculturists,[1] and these two important interests united with the moneyed interests in demanding a fixed ratio of exchange between the two countries, in order that India's advantage over them should be done away with. April 21, 1892, a commission was appointed by the Secretary of State for India to take evidence upon the advisability of closing the Indian mints to the free coinage of silver. This commission was taking evidence during the fall and winter of 1892.

M. *CONGRESS MEETS. THE BATTLE FOR UNCONDITIONAL REPEAL.*

1. *The Existing Conditions.*

December 5th Congress reassembled. **The next day, December 6th,** at the International Monetary Conference in Brussels, Banker Rothschild withdrew the plan he had proposed for an increased use of silver, while retaining the gold standard. With the withdrawal of this plan it was apparent that nothing would be done for silver by the conference. A London cable of December 6th said: "To-day's markets were oppressed by fears of a silver crisis."[2] December 6, Mr. Harter introduced **in the House a bill for the** UNCONDITIONAL REPEAL **of the silver purchase law and to replenish the gold stock of the United States.**

December 6th, the Chicago Tribune in an editorial entitled "The Position of Silver" uttered a sophistical argument for the repeal of the Sherman silver purchase law, quoting enough statistics concerning the world's production of silver and the profits of silver mining to give it a learned aspect.

December 7, Senator Hill introduced **in the Senate a bill to repeal the Sherman silver act** UNCONDITIONALLY.

A London cable of December 7 said: "Under fear of a suspension by the American Government of the Sherman act and a sudden change in the financial policy of British India *forward business in the silver market here has virtually ceased.* The dealings are confined to spot silver."

London cable of December 8, 1892, to New York Evening Post: "The belief is slightly growing that **India will assume a gold standard sooner or later.**"

London cable of December 9, to New York Evening Post: "The silver question is still paramount. There is a belief that the India

[1] Pages 130, 133, 136, above.

[2] New York Evening Post.

Council will refrain from making sales below some minimum. * * * **The Indian Government is alleged to be contemplating an immediate change of the silver standard to gold."**

December 9, Mr. Williams, of Massachusetts, introduced **in the House a bill for the** UNCONDITIONAL REPEAL **of the silver purchase law** and to restore to the credit of the national banks the deposits received for the redemption of circulating notes.

Those interested in an appreciating money kept up through their papers the crusade for the gold standard. December 9th the Chicago Tribune in an editorial concludes thus: "Let the Sherman act of January 14, 1890 be repealed at once without waiting for an extra session." And the next day another lengthy editorial against silver appeared in the same paper.

And how fared, during this time, the bimetallic sentiment?

2. *Growth of the Bimetallic Sentiment.*

During the early days of this Congress there was a rapid growth of sentiment for the enactment of a bimetallic law without waiting for international coöperation. The withdrawal from the International Monetary Conference, of Banker Rothschild's plan for an enlarged use of silver as partly-standard money (Humpback Gold Monometallism) and the almost absolute probability that no help to silver would come from the International Conference *led those who had been honestly advocating bimetallism by international agreement to take* **the inevitable position that the United States must "go it alone."** And with them, of course, were all those who had previously been advocating Independent Action on the part of the United States.

As to the repeal of the Silver Purchasing Law, all the members of the House and Senate were in favor of so doing, **the difference of opinion being as to whether the gold standard should be retained or the bimetallic standard be adopted.** Bimetallists saw that the best way to effect their purpose was to make the repeal of the silver purchasing act *conditioned upon the enactment of a bimetallic law.* This position won over to bimetallism many of those who really desired the retention of the gold standard: many prominent bankers consented to the free coinage of silver along with gold rather than longer continue in force the "iniquitous Sherman law."[1]

[1] A market report reviewing the week in Wall Street, ending December 10, said: "The financial atmosphere has seldom been more murky than at present. The darkness is not due so much to storm, crops, or threatening disaster as to *the mists of uncertainty.* * * * The present week has seen some curious changes in popular feeling. A month or two ago nearly every-

December 14th a Wall Street market report said: "Silver bullion continues to decline and is now at about the lowest figure ever reached. * * * **The chances for the [unconditional] repeal of the Sherman law** SEEM TO BE LESS THAN HERETOFORE."[1] December 15 Senator Stewart brought forward a free coinage amendment to the bill introduced by Senator Hill to repeal (unconditionally) the silver purchasing act. **The money power saw that something had to be done or the silver purchasing act would not be repealed at all.**

3. *An Object Lesson to Congress and the "Silver Lunatics."*

The very day the free coinage measure was introduced in the Senate **a stringency in the money market was started,** ALL UNEXPECTEDLY TO THE BUSINESS PUBLIC, **and gold was exported** REGARDLESS OF THE RATE OF EXCHANGE.[2] This continued for five days, and while highly suc-

body in this part of the world at least thought that the Sherman law would be repealed just about as quickly as Congress could get together to do it. To-day the number of those who follow financial development closely and who also hope for a cessation of purchase of silver by our Government, is very much less than it was a week ago.

"We find to-day conservative bankers hoping for a passage of a free coinage bill. Why? Because they consider that **only by the passage of a free-coinage bill and its signature by the President, can the repeal of the iniquitous Sherman law be accomplished.** They believe the present law to be the greatest of all evils and would hail any change as a relief, even though that change means free coinage, which phrase a year ago sent cold shivers down their spines." (Chicago Evening Post.)

[1] Chicago Evening Post, December 14, 1892.

[2] December 16 a New York special to Chicago Tribune said: "Concerning the action of banks and large individual lenders yesterday in *suddenly withdrawing loans*, conjectures in great variety have been advanced. It is unfortunate that yesterday's calling in of loans was done *in exactly such manner as would most seriously embarrass and agitate the security market*, because **this has given rise to charges of** INTERNATIONAL **disturbance of prices.** But it is not probable that any large part of yesterday's operations in the loan market were due to such a motive. An uneasy feeling has existed among the bankers [here] for several weeks and it has had, perhaps, a reasonable excuse in *the mysterious course of the specie market.*"

A special to the Chicago Inter Ocean for December 15th said: "Many firms had loans called and they had to await their arrangements, thus precipitating a stringency for which brokers in some instances at least were *quite unprepared.* The talk of heavy gold shipments *directed attention afresh to the compulsory silver coinage law and even induced speculators to make* **bids for calls on gold to run during 1893."** This making *bids* for calls on gold was of course simply A TRICK OF THE GOLD STANDARD PEOPLE TO SCARE THE PUBLIC INTO THINKING THAT THE COUNTRY WAS QUITE NEAR TO GOING OVER TO A SILVER BASIS. This bidding on gold was after there had been a concerted attack by suddenly calling loans. Two

objects at least were hoped to be accomplished, namely, the creation of a strong sentiment for the Unconditional Repeal of the silver purchasing act and Winnings on the stock exchange.

December 16th: "Wall Street is greatly exercised about gold shipments to Europe. $500,000 of the yellow metal was sent abroad *unexpectedly* yesterday. Now it is reported that $2,000,000 will go forward by to-morrow's steamships and that **$5,000,000 to $10,000,000 more will be shipped next week.** * * *

"Money opened at 7 per cent and loaned up to 15 per cent during the morning hours," and "as high as 25 per cent during the day," but **"Drexel, Morgan & Co. sent $1,000,000 into the Board to loan at 6 per cent and broke the rate."**

The Chicago Tribune market report for December 15th, said: "This week's gold engagements have appeared *at such unusual times and in such unusual quarters that* **Wall Street has invariably been taken off its guard."**

Bradstreet's weekly Wall Street review for December 16, says: "The actual shipment of $4,250,000 gold to Europe this week was apparently less influencing upon the temper of speculation than the *rumors prevalent in regard to the shipment next week.* There is little doubt that $5,000,000 and more will go out. As the New York bank surplus is already down to $5,000,000, *such a drain would in the best of times create contraction in the loan market.* At this moment, however, an additional complication is created by *the existence of the Sherman act* and the steady reduction of the treasury's available balance of specie. Wall Street is now forced to regard the possibility of a slight premium on gold [?] or the appearance of the treasury as a borrower for the purpose of replenishing its gold reserves and maintaining the silver certificates at a parity with gold. **The general opinion is that in such an event the repeal or suspension of the Sherman act will be facilitated.** IT IS NOT STRANGE, THEREFORE, THAT A FLURRY IN THE LOAN MARKET WITH A SHARP DROP IN STOCK PRICES HAS BEEN THE FEATURE OF THE LAST TWO WEEKS."

December 17th the International Monetary Conference adjourned without doing anything for silver. The same day the New York special to Chicago Tribune said: "The latest reports are that between $3,000,000 and $4,000,000 gold will be shipped to the Continent Tuesday next, *regardless of the condition of the foreign exchanges.* It is stated that **bankers here have received peremptory orders for the amount named.** * * *

"As for the money market, the best that can be said is that **the week's experiences are 'bank scares,'** AGGRAVATED BY SEVERAL UNLUCKY COINCIDENCES. That the outlook for a repeal of the silver purchase law is considerably less promising than it was a few weeks ago must be regretfully admitted. The efforts to get gold from the United States for Europe had not diminished and many bankers expressed confidence in further heavy shipments. All this has served to bring about one of those peculiar and sudden spasms of fright so often witnessed in the history of bank management, but it cannot be too often affirmed that an abnormal or currency crisis sooner or later works its own cure. **The existing incidents of this week have certainly** HASTENED THE REMEDY [i.e., unconditional repeal]."

December 17, 1892, Wall Street telegram said: "Straws indicate a change of front on the part of Henry Villard [railroad magnate and financier]. For two years he has been a bear owing to the silver question and **the change in the administration has brought him to the bull side.** He believes that the objectional features in the silver bill will be modified." Mr. Villard was about three weeks after

cessful in producing a financial disturbance and shrinkage of prices, it did not succeed as fully as was anticipated owing to one prominent banking house, at least, being unprepared for the tumble in stocks.[1]

That the exports of gold were planned so as to raid the stock market, scare the people in general into the belief that gold would go to a premium unless the Sherman law would be repealed, and through the combined effect of the foregoing produce a stringency in the money market which should "pinch" business men and make them earnest in securing a repeal of the Sherman law, *there can be no well grounded doubt.* The market reports, including Dun's and Bradstreet's, and the further fact set forth in the second preceding note combine to make irrefragible proof of the points claimed. It is also a noteworthy fact that Bradstreet's

this, Mr. Cleveland's agent in Washington, and publicly announced as such. It is likely therefore that at this time he was closely in touch with Mr. Cleveland and possibly with these other individuals who were attempting to secure the unconditional repeal of the silver purchasing act.

New York, Monday December 19, special to Chicago Inter Ocean: "The great feature of speculation was a bad break in industrial stock, *due to the export movement of gold* which has tightened up the money market and has caused the banks to discriminate against the securities as collaterals in loans. *The situation was aggravated this morning* by the announcement that $3,900,000 in gold had been taken for shipment to Europe by to-morrow's steamers." After describing the great drops in the different stocks the dispatch continues: "The bearish feeling was intensified by **an advance to call loans to 40 per cent.** These rates did not rule them any length of time, however. * * * **A decline to 6 per cent ensued.**"

Of this 19th day of December the market report of the Chicago Evening Post said: "Wall Street was *more demoralized to-day than it has been on any day since the panic of November, 1890.* * * * The industrial shares of stocks have been very weak for some days and to-day the rush to sell those securities caused **a violent break in the prices ranging from 2 to 7 3-4 points.**" "**But for the preposterous Sherman law,**" says the New York Herald, "**foreign capital would be seeking investment in this country and we should be exporting securities instead of our gold coin.**"

New York, December 20. "To-day there was *a complete change in the financial as well as the speculative outlook. Efforts were made in certain quarters to prolong the stringency in the money market,* but they were futile because the high rates of interest induced bankers to make some large sterling loans, thereby depressing sterling exchange and putting a stop to the apprehension in regard to the export movement in gold. The only new engagement of gold for export to-day was that of $500,000 by August Belmont & Co. [as Rothschild's agent]. * * *

"Call loans declined to 4 per cent. It is now evident THE FLURRY IN THE MONEY MARKET YESTERDAY WAS DUE LARGELY TO MANIPULATION. * * * **These facts were made so clear that** speculative sentiment on the stock exchange underwent a complete change. **Prices advanced sharply and there were no reactions worthy of the name** at any hour of the day." (Chicago Inter Ocean market report).

[1] See preceding note.

Review points out that **there was a sufficient motive for individuals interested in preserving the gold standard doing just what occurred:** "The general opinion is" says Bradstreet, "that in such an event *the repeal or suspension of the Sherman act will be facilitated.* **It is not strange, therefore, that a flurry in the loan market with a sharp drop in stock prices has been the feature of the last two weeks."** And the New York special to the Chicago Tribune, December 17, said of the repeal of the silver purchasing act: **"The existing incidents of this week have certainly hastened the remedy."**

The gold standard press throughout the country, while omitting to point out the conspiracy of a portion of the money power, loudly and falsely proclaimed that the cause of the trouble was the silver purchasing act.[1] Said the New York Herald: "But for the preposterous Sherman law foreign capital would be seeking investment in this country, and we should be exporting securities, instead of our gold coin."

The bankers and the "hired men" in the monetary department of the gold standard universities and on the editorial staff of the "Gold Standard" papers did their best to influence public sentiment, and through this influence the Congressmen and Senators.

4. *The Fighting Forced.*

December 20th the onslaught which the European's had been making, together with those in this country who had been acting in concert with them, ceased, and *"there was a complete change in the financial as well as the speculative outlook."* **The time was ripe for a new move to be made in Congress, looking to the** UNCONDITIONAL **repeal of the silver purchasing act.** The next day (December 21) McPherson, of New Jersey, introduced in the Senate a Joint Resolution authorizing and directing the Secretary of the Treasury "to suspend, *until otherwise ordered by Congress,* all purchases of silver bullion, as provided for in the first section of the act of July 14, 1890." Mr. McPherson asked that it "be printed and laid upon the table, to be called up

[1] **The Cause** is that "without which, it (the result) would not exist" (Webster). Manifestly the Cause of the fall in the prices of stocks and the stringency in the money market and the fear of going to a silver basis was the exportation of gold, the unusual conditions under which the gold went, the groundless rumors set afloat, the manipulation of the money market, the assaults on the stock markets and similar other Concerted Acts. Without these conditions the result would not have existed. It will not do to say that the Silver Purchasing Law "caused" the trouble, for there was within the United States fully $500,000,000 in gold and the Government had the authority to issue bonds to secure gold, and the person who would be the one to exercise this authority—President Harrison, through his Secretary of the Treasury—was known by all to be fully determined on discharging his duty in this respect.

at some future time by myself after the holiday recess." Said the Chicago Tribune: "His remarks then will be listened to with great interest, being regarded as **the unofficial expression of the views of the President elect.**"

By bringing in this Joint Resolution the question of repeal could be taken up **without first considering the free-coinage amendment to Senator Hill's bill** and besides it took the leadership from Mr. Hill to Mr. Cleveland's lieutenant. And, besides, by introducing the Joint Resolution just before the Holiday Recess and not taking it up until after the reassembling, the Senators and Congressmen would go home before the debate should take place and *while there be open to all the influence which could be brought to bear*, namely, all the influence which the bankers could possibly exert, together with the influence which their other constituents might exert, constituents educated in finance by their bankers, very largely, and, if college-bred, educated in finance by the teachers employed by gold standard trustees. The newspapers owned or controlled very largely by the money power could also get in their "work," namely, publicly threaten their Congressmen and Senators who should oppose the unconditional suspension of the silver purchasing act, and, besides this, bring to bear a personal element, which the editors of newspapers have over men who are dependent upon the votes of the public for a continuance in office. The public utterances of the newspapers would also help to form a public sentiment against the silver purchasing act and furnish the average business man with arguments for its repeal.

This cunningly wrought out scheme was fully carried out except that **there were enough Congressmen and Senators who had the manhood and the courage to stand for the Right and refuse to do the bidding of those interested in an appreciating money.** They were:

> "Men whom the lust of office does not kill,
> Men who have honor—men who will not lie;
> Men who can stand before a demagogue
> And dam his treacherous flatteries without winking."

January 4th the House reassembled for the first time after the holidays. Mr. Harter introduced a joint resolution similar to one introduced by Mr. McPherson in the Senate December 21st.

The same day **Mr. Stewart of Nevada introduced in the Senate an amendment to the McPherson resolution.** The amendment provided for the free coinage of silver, stating that **"stopping the issue of about 4 million dollars each month in legal tender treasury notes without substituting free coinage would be disastrous."** He made a long and able speech in support of the claim, showing that increase in population etc., was such that to keep general prices from falling, there must be ad-

ditions to the world's volume of money from some source other than the gold mines.

January 9th, Mr. McPherson spoke on the resolution which he had introduced. It was manifest, however, that for the unconditional suspension of the silver purchasing act there were not enough votes to carry it. The Democrats especially were against it **in spite of the threatenings of the President-elect to withhold patronage from those who stood out against the measure.** Accordingly, February 12th Mr. Cleveland made a second attempt to coerce the Democratic Congressmen.

5. *Cleveland's Second Threat to Withhold Patronage.*

This he did through Henry Villard of Wall Street. A special from Washington to the Chicago Tribune said: **"Henry Villard is the second envoy from Mr. Cleveland to sound congressional sentiment.** He was at the Capitol to-day and had interviews with Vilas and other Senators and Speaker Crisp, McMillin and Springer on the House side. Mr. Villard told a reporter that he had not yet discovered just what the situation as to the silver suspension was and what he was trying to do was to find out. **What he wanted to see was the unconditional suspension of the silver purchase act."**

6. *Continuation of the Fight for Unconditional Repeal.*

The next day after Mr. Villard's arrival in Washington it was attempted in the Senate to withdraw the McPherson resolution so as to have it before the Committee on Finance "previous to its next meeting." This was objected to by the free silver Senators, as they wished to reply to McPherson's speech. As objection was raised and it was likely that the resolution would not be permitted to be withdrawn, Senator Sherman came forward and said that the Committee on Finance would consider the bill if it was not withdrawn, and he asked that the request for its withdrawal should be dropped "rather than now interject a debate upon the silver question." [1]

On the 13th Senator Bayard in an interview with a Washington correspondent of the Philadelphia Ledger claimed that the Republican Senators were hindering the Resolution for the suspension of the silver purchasing law. To this Senator Sherman replied the next day through the same medium, saying:

The Attitude of the Republican Senators.

"It is as well known as anything can be that **a large majority of the Republican Senators,** including myself, **are decidedly in favor of**

[1] Congressional Record, January 9, 1893, p. 417.

the repeal or suspension of the purchase of silver bullion [unconditionally]. They are ready to-day, to-morrow or at any moment to vote for such repeal. It is equally well known that **not more than one-fourth or one-fifth of the Democratic Senators are in favor of such repeal, and that they will resort to extreme measures to prevent it.** They are openly pronounced for the free coinage of silver or the continuance of the existing law. * * * If the Democratic party will furnish a contingent of ten Senators in support of the repeal of the silver act of 1890 it will pass the Senate within ten days. (See illustration, opposite page.) The Democratic party as now represented in the Senate, is, and has been for the free coinage of silver. **I hope the Eastern Democracy and Mr. Cleveland may have some influence in changing their opinions.**[1]

The Attitude of the Westerners and Southerners.

But "the Eastern Democracy and Mr. Cleveland," together with the other leverages brought against the Democracy of the Western, Southern and Middle States, **could not get enough of them to pass their Joint Resolution. Many of the Republicans from the Middle and Western States showed the Blaine Spirit and stood as the People's Champions.**

The Democratic and Republican leaders determined to drop the Joint Resolution and also the bill which they had started immediately after Congress Assembled and to bring in a New Bill.

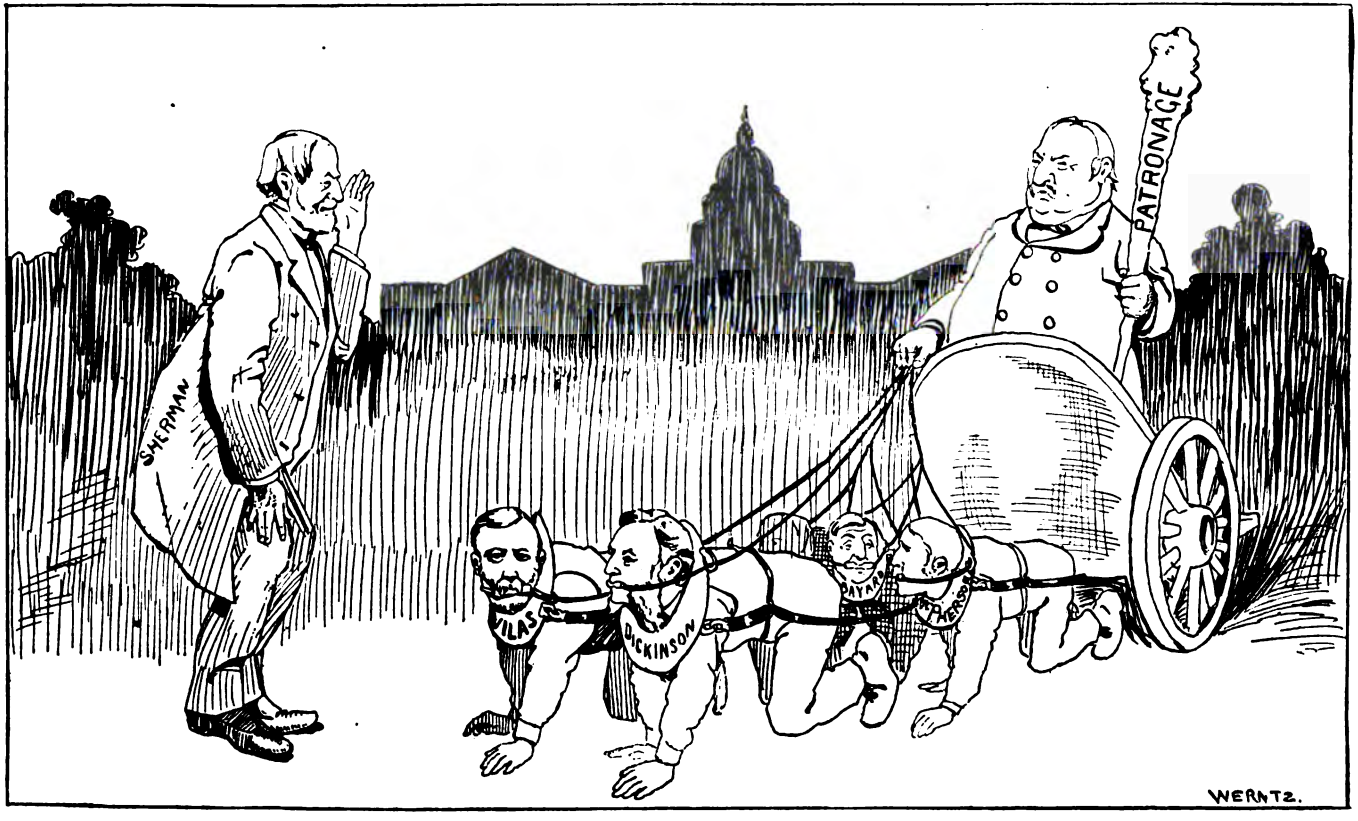
7. *A New Bill Introduced: The Third Attempt.*

This was the bill decided upon when it was attempted to withdraw the McPherson Resolution on the 13th. The new bill was introduced in the House January 17th by Mr. Brosius. It provided for the Unconditional Repeal of the silver purchase law and for an increase in the circulation of national banks, and authorized the refunding of the 4 per cent bonds of the United States. The same day in the Senate a bill for the Unconditional Repeal of the purchase clause of the Sherman act was reported from the Finance Committee with an amendment to make it conform to the bill in the House.

Still there were enough People's Champions to block the "game" of those desiring the continuance of the appreciating gold standard.

[1] This shows that "a large majority of the Republicans" and "the Eastern Democracy and Mr. Cleveland" were agreed upon the Unconditional Repeal of the law.

Mathew Marshall in the New York Sun of about December 22, 1892, said: The repeal of the Sherman law "is undoubtedly a measure which is **substantially agreed upon by both parties** and is therefore likely to be soon effected."



HOW THEY TRIED TO PUT THROUGH THE SECOND BILL FOR UNCONDITIONAL REPEAL.

SENATOR SHERMAN: "Give me ten Democratic votes in the Senate, and I'll pass it."

The incentive to the National Banks to work harder and secure the increased circulation and more long time bonds, in addition to what had before been offered, did not result in enough votes to pass the bill.

With this condition of affairs existing, President-elect Cleveland took a firmer grip on his Patronage Club and put forth an Interview from his Wall Street law office and sent to Washington another agent, having him on the ground at the time the New York papers containing the ultimatum should reach the seat of war — Washington. Of this agent and his movements a New York special to the Chicago Daily Tribune, dated January 31, said:

8. ***Cleveland Represented in Washington a Third Time.***

"Don Dickinson's quiet return from Chicago by the swiftest train, where he had been concerning Judge Gresham's relation to the incoming administration, his long interview with Mr. Cleveland yesterday *and his immediate departure for Washington* were movements occasioned by other things than the exigencies of Cabinet-making."

Cleveland's "Interview."

The next morning after Dickinson left for Washington the following so-called interview with Mr. Cleveland appeared in the New York Herald: He said: "**The repeal of the Sherman Act [unconditionally] is the great necessity of the hour.** Continuance of the silver purchasing operations made mandatory by the Sherman law is a menace to the business and financial interests of the country. I am not yet without hope that this law will be repealed by the present Congress. WHATEVER INFLUENCE I HAVE IS BEING EXERTED TO THAT END. The date at which the repeal should become operative is immaterial, save that the sooner the better."

The following was put out "on the side:"

"To his immediate friends Mr. Cleveland has expressed himself in even stronger fashion. He believes **a continuance of the silver purchase required by the Sherman law will drive the country into danger of panic."** [1]

This attempt to "scare" was but a repetition of what he did in February, 1885, when President-elect for the first time, (page 438 above,) and again when he was president; (page 439.)

The President's Patronage Club.

A Washington dispatch of February 1, to the New York Herald, said: "Don Manuel Dickinson came to the city last night and has

[1] A special from New York to the Chicago Herald, February 1.

spent the day in consultation with the Democratic leaders. The repeal of the silver law never before received such an agitation. * * * **The word has gone out among Democrats that this act must be repealed at this session.** * * * Mr. Cleveland has it in his power to make matters very uncomfortable for certain Silver Democrats. **The question of the patronage will be an important one after March 4.** * * * **The scare is pretty general.** * * * There is no doubt that this second expression of President-elect Cleveland will bear fruit. He gave his first intimation when Mr. Henry Villard came to the city and consulted with Democratic members of Congress. The second cannot be misunderstood."

In the same number of the Herald which contained the above dispatch there appeared an editorial. As the Herald was the paper selected for the publication of Mr. Cleveland's "interview" of the preceding day, it is manifest that its editor was very close to Mr. Cleveland. The editorial said: "As a party man, as an upholder of the regular organization, as a vindicator of the machine, **Mr. Cleveland will stand on firm ground when he declares that** EVERY ASPIRANT FOR OFFICE, PATRONAGE, FAVOR OR ANY CONSIDERATION, **will be expected to line up for the repeal of the silver law.**" This should be read in connection with Mr. Cleveland's statement: "WHATEVER INFLUENCE I HAVE IS BEING EXERTED TO THAT END," *i. e.*, to the unconditional repeal of the silver purchasing act.

A Washington special, under date February 1, to the Chicago Tribune, said: "President Cleveland is threatening an extra session if the silver purchase law is not repealed. Don Dickinson is the bearer of the news. Don has been at it all day interviewing Democratic Senators and the leaders in the House, including Speaker Crisp. HE HOLDS A BIG, UGLY CLUB IN THE SHAPE OF PATRONAGE **which is expected to bring Democratic members to time.**"

9. *Republicans and Democrats of the East Versus the West and South.*

This dispatch continues as follows: "The Republican members of the Senate, under the direction of Mr. Sherman, have completed a poll of the Senate on the proposed repeal of the Sherman silver act of 1890. The result is not at all satisfactory to those who have looked forward to the possible repeal of the bill."

Effect of the Patronage Club.

The next day after the foregoing appeared (the 2d of February) a special from Washington to the Chicago Tribune, said: "Don Dickin-

son's threat of an extra session of Congress if the Sherman silver law isn't repealed makes it certain that the law won't be repealed. Speaker Crisp and his followers in the House are mostly for free silver. **Alleged conversions among them are not more than skin deep and are had** TO ENABLE THE CONGRESSMEN TO SECURE THEIR SHARE OF THE PATRONAGE."

Right here it is well to bear in mind that "Patronage Dispenser" Cleveland is the man who was supported in 1884 by those who "bolted" Blaine, because, as they said, they wanted a "pure" man — one who would bring about "Administrative Reform," yet he changed the long recognized administrative policy by using Patronage to Coerce the Legislative Department of Government — a *co-ordinate* branch of Government as the Constitution distributes the powers.

10. *Defeat of Unconditional Repeal.*

February 6 Mr. Hill, of New York, called up in the Senate for action the bill which the Finance Committee of the Senate had reported favorably on January 17th. In support of it he delivered a carefully prepared argument. Thus did Mr. Hill join with his old enemy, Mr. Cleveland, and with the Administration Forces to secure the Unconditional Repeal of the silver purchase law. The Senate, however, refused to take up the bill for consideration by the decisive vote of 42 nays against 23 yeas. 22 not voting. In the House the bill which had been introduced January 17th came to a vote February 9th, and was practically defeated.

This takes us up to the time that the Executive Department of the government passed from the Republicans to Clevelandism. We will briefly set forth

N. *THE BUSINESS SITUATION UP TO MARCH 4th, 1893.*

February 1 the New York Times (gold standard) said editorially: "In every respect but the condition of the currency the country is in a most flattering way. All competent observers agree that doubt on this point is **the only possible obstacle to a year of the greatest healthy activity.**"

For the week ending **February 17**, 1893, Bradstreet's Weekly Review said: "An increase in the nervous feeling of the market followed the decision of the government not to sell bonds for the purpose of augmenting the gold holdings of the treasury. Disappointment at the frustration of expectations to that effect and apprehensions as to the immediate outcome of the currency situation *have resulted in depressions which on Friday developed into a liquidation of some proportions.* Speculation was governed almost entirely by these considerations and vibrated in response to changing prospects of action on the part of the treasury upon the line which Wall Street believed to be the absolutely necessary

one under the circumstances"—*i. e.*, the securing of more gold for the Reserve.

"The tumble in the stock market during February," said the Bankers' Magazine of New York in its March issue, '93, "had for one of its causes, unloading of stocks as fast as anyone would buy them, in anticipation that the gold reserve would not be replenished and that an extra session would be called early, and **an attempt be made** TO COERCE **its members into repealing the silver purchasing act unconditionally.**" As a justification for this belief there was, besides the experience of the preceding December 15 to 20, this statement: "**The quickest if not the only way to repeal the silver purchase law is to precipitate a panic upon the country** AS NOTHING SHORT OF THIS will convince the silver men of their error and arouse public opinion to a point which will **compel the next Congress to repeal the Sherman law whether it wants or not.**" (See illustration, next page.) This was put forth by the editor of the Commercial Bulletin and by others of the "best financial writers of New York."[1] And besides the foregoing, there was the statement which Mr. Cleveland was credited as making February 1st, that there was **"danger of a panic."**

At the end of the next week (February 24th,'93) Dun's review said: "While **$3,000,000 of gold have gone abroad this week and half a million more is expected to go to-day,** there is no increase of apprehension about the monetary future, and the business world pays little attention to the action or inaction of Congress, though the increasing probabilities of an extra session are regarded with some interest."

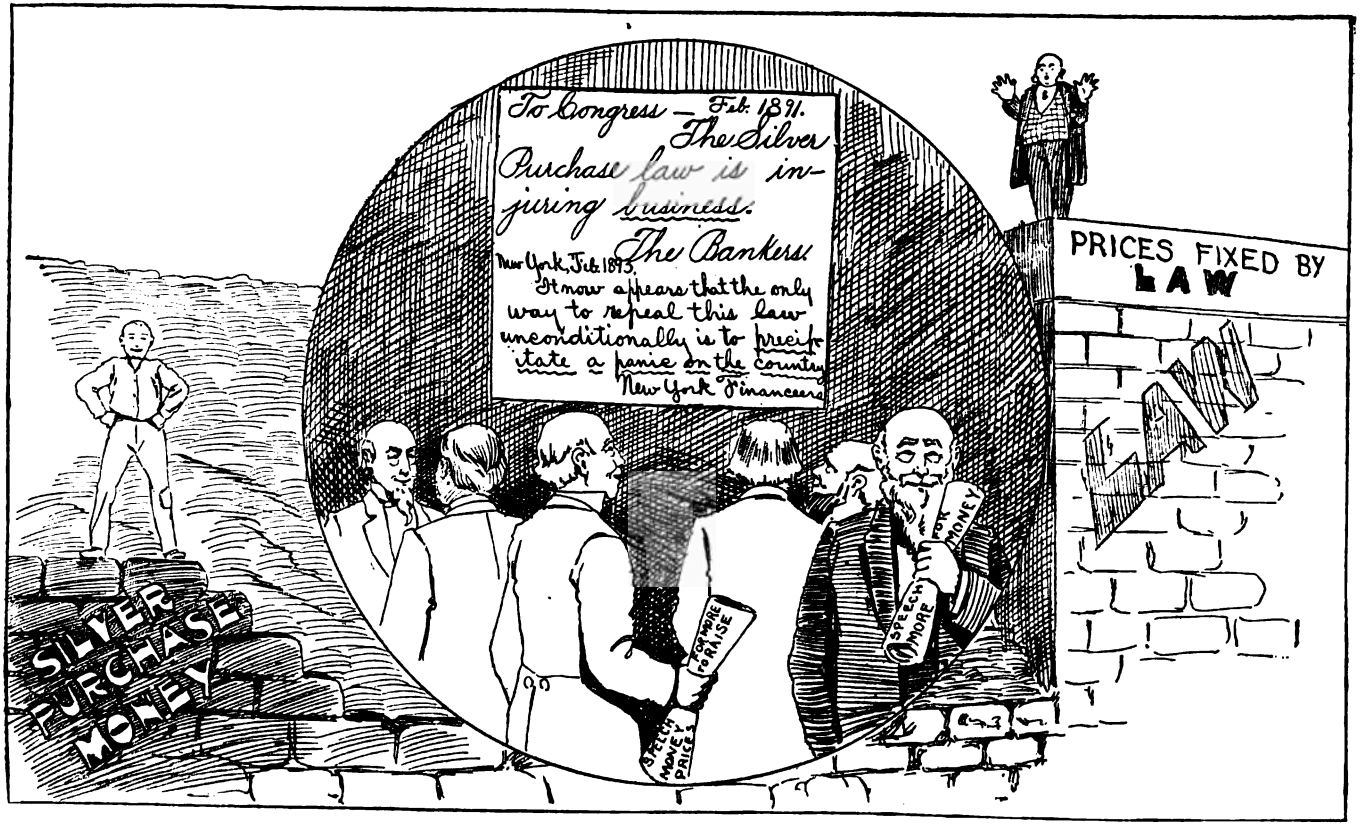
The Bankers' Magazine of New York in its March issue looked for interest rates to lower, mentioning the fact that **"we are going into the usual low money rate season of the year."**

President Cleveland in his inaugural address did not mention the silver purchase law.

P. *THE BANKERS' PANIC OF 1893.*

President Cleveland, however, was still intent on securing the repeal of the silver purchase law, and the Creditor and Monopolist Classes of Wall Street and Europe were fully determined to secure their ends, no matter how much injury they should inflict upon those who stood in their way. **They succeeded.** The Unconditional Repeal of the silver purchase law in 1893 is a matter of history. **It was secured after a long and terribly severe fight.** TO THIS THE PRODUCING CLASSES OF THE UNITED STATES ARE LIVING WITNESSES. That the Money Panic of 1893 was *purposely* brought about

[1] Bankers Magazine of New York, May, 1893.


To Congress — Feb. 1891.
The Silver Purchase law is injuring business.
The Bankers.
New York, Feb. 1893.
It now appears that the only way to repeal this law unconditionally is to precipitate a panic on the country.
New York Financiers
PRICES FIXED BY LAW
SILVER PURCHASE MONEY
GOLD MONEY PRICES
GOLD MORE TO RAISE
SPEECH MORE
FOR MONEY

by the moneyed interests and the man who controlled the Governments Gold Reserve—President Cleveland—the evidence clearly shows. The Bankers could, at any time they chose, have stopped the panic and restored business to its usual proportions. The President could, at any time he chose, have stopped the panic and restored business by replenishing the gold reserve and putting back into circulation the paper money received by the Government in exchange for the gold paid out to the Bankers. The motive for this fiendish injury of the producing classes was to secure the Unconditional Repeal of the silver purchase law, and they succeeded. The evidence which proves that the Bankers and Cleveland purposely brought about the panic I have carefully collected and shall publish by itself in a pamphlet of about 50 pages, as to place it in this volume is impracticable.

Concerning the panic of '93 we will quote from Senator Hill's speech in the Senate August 25, 1893:

SENATOR HILL'S PLAIN TALK.

"**Some portion of the present panic may be traced to** A CONCERTED EFFORT ON THE PART OF NUMEROUS MONOMETALLISTS TO PRODUCE IT IN ORDER FURTHER TO DISCREDIT SILVER AS THE STANDARD MONEY OF THE COUNTRY. With ghoulish glee they welcome every bank failure, especially in the Silver States, little dreaming that such failures would soon occur at their own doors. **They encourage the hoarding of money;** they inaugurated the policy of **refusing loans to the people even upon the best of security; and attempted in every way to spread disaster broadcast throughout the land.** These disturbers—the promoters of the public peril—REPRESENT LARGELY THE CREDITOR CLASS, THE MEN WHO DESIRE TO APPRECIATE THE GOLD DOLLAR IN ORDER TO SUBSERVE THEIR OWN SELFISH INTERESTS, **men who revel in hard times,** men who drive harsh bargains with their fellow men regardless of financial distress and men wholly unfamiliar with the true principles of monetary science."

A summarization of what is shown by the evidence concerning the Banker's Panic of '93 is as follows:

SUMMARY: MARCH 4TH TO NOVEMBER 1ST, '93.

The Attack of the Moneyed Interests.

The first day of May, the moneyed interests of Europe and the United States through concerted action began an attack upon the interests other-than-moneyed for the purpose of securing the uncondi-

tional repeal of the silver purchase law. They began their attack through contracting credits, especially credits of those living in the West and South or doing business with these sections. The Chief Executive of the United States did not replenish the gold reserve although it was below the hundred-million mark. The moneyed interests kept up their war on the interests other-than-moneyed and by the latter part of June a bear panic was in progress—there was on all sides a scramble for money and falling prices. The President called a special session of Congress to repeal unconditionally the silver purchase law, and the moneyed interests kept up the war for the unconditional repeal of this measure. *Money was nearly all withdrawn from circulation through the action of the moneyed interests and those whose fears had been raised by the course of events.* **And there was no law whereby the government could create more of this medium of exchange:** THE MONETARY LEGISLATION WAS SUCH THAT THE PEOPLE WERE UTTERLY POWERLESS TO FURNISH TO THEMSELVES THE NEEDED "BLOOD" OF COMMERCE. They therefore had to look to the moneyed interests for their supplies of money.

The Attacking Party Controls the Supplies of Money.

The attacking party *illegally issued to itself money* in the form of Clearing-House Certificates, **but it loaned money only to those sections of the country whose representatives in Congress were for the unconditional repeal of the silver purchase law.** IT REFUSED TO THE WEST AND SOUTH THE NEEDED "BLOOD" AND INDUSTRY AND PROSPERITY SANK INTO THE DUST UNTIL THE UNCONDITIONAL REPEAL OF THE SILVER PURCHASE LAW WAS ASSURED.[1]

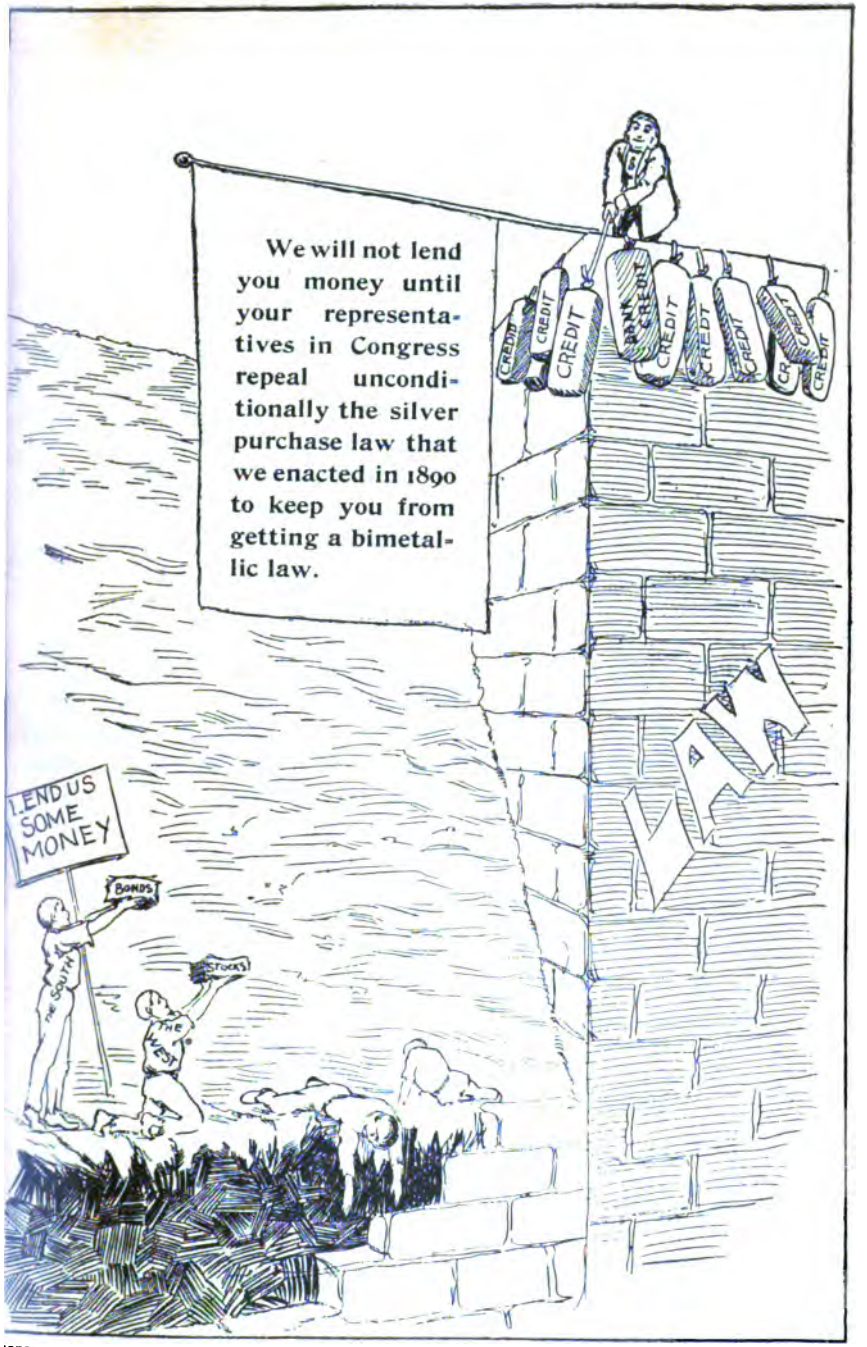
The Result of the Attack.

Thus were the people coerced by the moneyed interests of Europe and the United States. **Through the control of a large portion of the**

[1] That the West and South were refused money and credits more largely than the East is shown by the result: "Out of 169 banks failing from March 5 to August 4, 5 [only] were in Eastern cities, 48 in Southern and 151 in Western States." (Dun & Co.'s Report for week ending August 4, 1895.)

Western and Southern banks failed through inability to secure money on ample collateral. An instance is that noted in Dun & Co.'s report for the week ending July 21, 1893: "A large proportion of the suspended Colorado banks and mercantile institutions will pay in full and resume business, *inability to borrow on or sell* **ample collateral alone being the cause of Denver banks closing their doors."**

The amount of money issued to themselves by the moneyed interests in the East in the form of clearing-house certificates was $63,152,000. (Report of the Comptroller of the Currency, 1893. p. 16.)


We will not lend you money until your representatives in Congress repeal unconditionally the silver purchase law that we enacted in 1890 to keep you from getting a bimetallic law.
CREDIT
BANK CREDIT
LEND US SOME MONEY
BONDS
STOCKS
THE SOUTH
THE WEST

THE FIGHT FOR UNCONDITIONAL REPEAL OF THE LAW WHICH ADDED $54,000,000 DOLLARS PER ANNUM TO THE VOLUME OF MONEY IN THE GOLD-PRICE COUNTRIES.

money in the country, AND THE CONTROL OF THE SUPPLIES OF NEW MONEY, the moneyed interests SECURED FURTHER LEGISLATION FOR THEMSELVES. Fellow citizens, do you realize the necessity of regaining the power to issue the medium of exchange? 'Tis a hollow mockery to sing "Sweet land of liberty" when a few individuals control your legislation; take your property from you and throw you out of employment. If you *longer submit to this thing* your lips should never, never utter "Columbia, the Gem of the Ocean; The Home of *the Brave and the Free.*" These sentiments were very properly expressed by our sires of '76 and of the succeeding seventy-five years. But during those days the liberties of the people were retained only by the utmost vigilance and fearless fighting of the moneyed interests. The Sage of Monticello warned his countrymen that "the banking interests [the moneyed interests] are more dangerous to our liberties than standing armies," and in 1815 he wrote: "We are undone, my dear sir, *if legislation is still permitted 'which makes our money, much or little, real or imaginary,' as the moneyed interests shall choose to make it.*" Old Hickory, when he vetoed the National Bank bill, said: "It is to be regretted that the rich and powerful too often bend the acts of Government to their selfish purposes." To-day, fellow citizens, the truths uttered by Jackson and Jefferson, Blaine and Lincoln, must be taken to our hearts and acted upon unflinchingly or it will soon be too late to recover our liberties. **The remedy is simple, if we have the courage and intelligence to demand it and keep demanding it until we receive it,**

The Remedy,

It is this: THE ENACTMENT OF A LAW WHICH SHALL FURNISH AN ELASTIC VOLUME OF MONEY DIRECT TO THE PEOPLE. Let there be a provision whereby in case the supply of money is locked up or otherwise unduly contracted, the Government shall, upon being tendered Government bonds and a promise to pay 10 per cent interest, we will say, issue money to the extent of 90 per cent of the face value of the bonds (if they are at par or above par). Money so issued will be retired as soon as the interest rate drops below 10 per cent. By fixing the rate at 10 per cent, *which is higher than the rate of profit which capital yields in production,* **the money is retired as rapidly as the demand slackens, and is all retired a little before the usual interest rate is reached.**

Furthermore, this elastic system will prevent the "bear" panics, such as occured in 1857 and '73, for as the demand for money is increased through a universal calling of credits past due *the supply of money at 10 per cent increases to meet the increased demand*—**at 10 per cent the supply is practically limitless**—and thus prices will not tumble as they

lo where the supply of money is such that the rate runs up to 75, 100 or ;,000 per cent (page 415, above), and even at these rates money cannot ›e secured. In Germany the Imperial Bank has for more than twenty /ears been empowered to issue money in limitless quantities, upon paying to the government at the rate of 5 per cent per annum for all money ssued in excess of the amount stated in its charter. Professor Jevons n his Money and the Mechanism of Exchange (1875) advocates this "elastic limit system," as he terms it. Austria-Hungary has adopted the ;ystem, as also has progressive Japan.[1] In England attempts have been nade to enact such a law, but the moneyed interests have been too strong for the people.[2] And **in the United States also the moneyed interests have blocked all legislation for an elastic volume of money,[3] thus keeping the great business of the country** WITHIN THEIR GRASP, **with the result in 1893 as above set forth.**

In our review of the foregoing history we will next consider the conduct of the Chief Executive of the United States.

The Chief Executive's Conduct.

Here we can only attempt to recapitulate; limited space compels us to simply state the principal conclusion to be drawn. In my opinion it is as follows:

A considerable number of individuals, whom we will designate as "the moneyed interests," sought to secure the unconditional repeal of the silver purchase law through inflicting losses upon the general public, and the Chief Executive of the United States sought to secure the same

[1] Report of Comptroller of the Currency 1895, page 109. L. Carroll Root's "The World's Bank-Note Systems," page 21.

[2] The sentiment prevailing among the financiers of England in 1887 is thus set forth in the evidence taken by the English Gold and Silver Commission; Professor Marshall, of Cambridge University, in his testimony said: "But while admitting that the wonderful efficiency and economy of the English banking system has been a great aid in our progress, I hold very strongly that *by far the greatest evil that we have to deal with is the occasional pressure in the money market.*" "When the rate of discount should rise to 10 per cent the directors (of the Bank of England) should be able without waiting for the authority of the Government to issue notes in excess of twice their bullion reserve." To this Commissioner Sir John Lubbock replied: "I am glad to hear your proposal of 10 per cent, because it exactly tallies with the amendment I myself proposed in Mr. Lowe's bill when he was Chancellor of the Exchequer." (Appendix to Final Report ¶¶10,198-99.)

[3] In 1871 Mr. Knox, Comptroller of the Currency, advocated the issuance of Government paper money in such a way that the volume should be elastic, and at a later day Mr. Windom, Secretary of Treasury, presented a plan for interchangeable bonds and government paper money, but at no time was there any probability of either plan becoming a law.

end through the infliction of losses upon the general public. The *intention* (design) on the part of each *was the same, each knew what the other was doing, and the conduct of each in furtherance of said aim was with reference to what the other was doing.* I do not claim that the intention on the part of the Chief Executive was communicated verbally, or in writing, or by signs or looks.

The question which the American jury should consider is, Was the Chief Executive's conduct a violation of law?

In answer to this I wish to direct your attention to the rule of conduct which forbids an injury to individuals or the public through Conspiracy.

The Law Against Conspiracy.

It is a breach of the rules of conduct prescribed by the common law *for two or more individuals* **to combine** *to injure another; were the same result* when aimed at *by an individual not criminal,* yet when *two or more combine to attain such a result* it is a breach of a rule of conduct prescribed by the state—**it is criminal.** The reason is that to permit two or more individuals to combine against one is detrimental to the general welfare and therefore society—the state—should protect him as best it can.[1]

When the injury is directed against *many* or against *the general public,* the reason for the state protecting them *is stronger.*

The Intention to Act Together—the intention to produce a certain result through a Combination of Efforts—is, of course, an essential element to be shown. But this does not imply that it is necessary to show that the parties agreed together verbally, or in writing, or by signs or looks, for this is *in addition to intention.*[2]

Now let us apply the facts of the case in hand: If we admit that the Chief Executive of the United States when he exercised his discretion concerning the gold reserve, and injured the general public, did not violate a human law had he *alone,* through this means, sought to secure the repeal of the silver purchase law, still **when he and the moneyed interests each adopted the intention of securing the unconditional repeal of the silver purchase law through the infliction of losses upon the general public, and each knew what the other was doing, and the conduct of each in furtherance of said aim was with reference to what the other was doing,** THE RESULT WAS A CRIMINAL CONSPIRACY—AN INDICTABLE OFFENSE, BUT NOT AMOUNTING TO A FELONY.

All indictable offences which do not amount to felony are termed

[1] See title Criminal Conspiracy; American & English Encyclopædia of Law, p. 605.

[2] Same citation, pp. 588, 609, 629.

nisdemeanors, and the Constitution provides that "The President * * * of the United States shall be removed from office on impeachnent for and conviction of * * * *misdemeanors*."[1] **The object of imeachment is simply to remove from office and to set the seal of disipproval upon unauthorized conduct.**

For reasons which were sufficient to the representatives of the people in the National House they have not sought to remove President Cleveland from office through impeachment. The question here discussed is not whether it would have been advisable to attempt to do so, but: **Has he violated a rule of conduct prescribed by law?** If the common law forms no part of the federal law, still it does not change the moral wrong which the Chief Executive perpetrated when he conspired with the moneyed interests to force legislation which should increase the measure of exchange value. It is wrong to work for a further appreciation in the measure of exchange value (that the unconditional repeal of the silver purchase law had this effect is evidenced by what has since happened), and it is subversive of Representative Government for the Executive Department to coerce the Legislative Department. It is contrary to the spirit of the Constitution of the United States for the Chief Executive to use the power of his office to change the will of the state—change the will of those whom he is serving. History records the conduct of President Cleveland as not only subversive of Representative Government, but as being exerted in an unscrupulous manner for the benefit of those who placed him in office, and to the great injury of the interests other-than-moneyed.

Refusal to make Monthly Purchases of Silver.

Another instance of where the President, when he was attempting to force legislation, violated a rule of conduct prescribed by law was when he refused to make the monthly purchases of silver prescribed by the law of 1890. This violation of law was a misdemeanor and therefore furnished sufficient ground for the removal of the President from office by impeachment.

At the time that Congress was considering whether the silver purchase law should be repealed Unconditionally, or by the enactment of a Free Coinage law, the following reasoning was presented:

Q. *THE EVASIONS OF THE GOLD STANDARD ADVOCATES.*

The arguments of those advocating the unconditional repeal of the silver purchase act, and thereby the cessation of additions of $54,000,000 per year to the circulating medium of the gold standard countries, *were*

[1] U. S. Constitution, Art. II., § 4.

necessarily evasive of the effect upon the exchange value of money—general prices. **To have admitted that for the year 1892, gold was increased in exchange value 47 per cent** over the average of the eleven years 1867-77,[1] and that **as to the future the increase would be augmented by stopping the coinage of silver in the United States,** WOULD HAVE LOST THEM THEIR "CASE." Furthermore, *they failed to note* that as each country legislates *to introduce gold as the medium of exchange* (the gold standard) **the increased demand for gold increases its exchange value.** The remedy is a return to the bimetallic standard, and the United States has such a supply of gold that she, by changing her demand to 16 to 1, can reestablish that ratio in the markets of the world.[2]

These evasions were pointed out in the House. Mr. Bryan of Nebraska, August 16th, said:[3]

CONGRESSMAN BRYAN'S SPEECH FOR STABLE GENERAL PRICES.

"It is a significant fact that those who have spoken in favor of unconditional repeal have for the most part evaded a discussion of the effect of an appreciating standard [prices as a whole falling]. *They take it for granted* that the gold standard is not only an honest standard, but *the only stable standard.* I denounce that child of ignorance and avarice. * * * Laughlin in his work on Bimetallism, says:

Laughlin on Stability.

"'Monometallists do not, as is often said, believe that gold remains absolutely stable in value [exchange value]. They hold that there is no such thing as a "standard of value" for future payments in either gold or silver *which remains absolutely invariable.*'

"He suggests a multiple standard for long-time contracts. I quote his words:

"'As regards national debts, it is distinctly averred that neither gold nor silver forms a just measure of deferred payments, and that, if justice in long contracts is sought for, we should not seek it by the doubtful and untried expedient of international bimetallism, but by the clear and certain methods of a multiple standard, a unit based upon the selling prices of a number of articles of general consumption. *A long-time contract would thereby be paid at its maturity by* **the same purchasing power as was given in the beginning.'** [This is what a money stable in exchange value would do.]

[1] Sauerbeck's Table of Prices.

[2] See above, page 458, and those following.

[3] This was selected before Mr. Bryan was nominated for the Presidency.

Jevons and Chevalier on Stability.

"Jevons, one of the most generally accepted of the writers in favor of a gold standard, admits the instability of a single standard, and in language very similar to that above quoted suggests the multiple standard as the most equitable if practicable. Chevalier, who wrote a book in 1858 to show the injustice of allowing a debtor to pay his debts in a cheap gold dollar, recognized the same fact and said:

"'If the value of the metal declined the creditor would suffer a loss upon the quantity he had received; if, on the contrary, it rose, the debtor would have to pay more than he calculated upon.'

"I am on sound and scientific ground, therefore, when I say that **a dollar approaches honesty as its purchasing power approaches stability.**"

Mr. Bryan next pointed out how legislation increases the demand for gold and thereby increases its exchange value.

How Legislation Increases the Demand for Gold.

"If by legislative action the demand for silver is destroyed and the demand for gold is increased by making it the only standard [the only metal used for dollars] the exchangeable value of each unit of that standard, or dollar as we call it, will be increased. If the exchangeable value of the dollar *is increased by legislation* **the debt of the debtor is increased, to his injury and to the advantage of the creditor.** * * *

What Is An Honest Dollar?

"The money loaner by every law of justice ought to be content with a dollar **equal in purchasing power to the dollar which he loaned;** and any one desiring more than that desires a dishonest dollar, it matters not what name he may give to it. Take an illustration:

Effect of Doubling the Exchange Value of Money.

"John Doe, of Nebraska, has a farm worth $2,000, and mortgages it to Richard Roe, of Massachusetts, for $1,000. Suppose the value of the monetary unit is increased by legislation which creates a greater demand for gold. The debt is increased. If the increase amounts to 100 per cent, the Nebraska farmer finds the price of the products have fallen one-half and his land loses one-half its value, unless the price is maintained by the increased population incident to a new country.

"The mortgage remains nominally the same, **though the debt has actually become twice as great.** Will he be deceived by the cry of 'honest dollar?' If he should loan a Nebraska neighbor a hog weighing 100 pounds and the next spring demand in return a hog

weighing 200 pounds he would be called dishonest, even though he contended he was only demanding one hog—just the number he loaned. Society has become accustomed to some very nice distinctions.

Socialist and Gold Standard Financier Distinguished.

"The poor man is called a socialist if he believes that the wealth of the rich *should be divided among the poor*, but the rich man is called a "financier" if he devises a plan by which the pittance of the poor *can be converted to his use.*

"The poor man who takes property by force is called a *thief*,

Thief and "Friend of Sound Currency" Distinguished.

"**But the creditor who can by legislation make a debtor pay a dollar twice as large as he borrowed is lauded as the friend of** SOUND CURRENCY. The man who wants the people to destroy the Government *is an Anarchist*, but

Anarchist and Gold Standard Advocate Distinguished.

"**The man who wants the Government to destroy the people is a 'patriot.'**

"We have been called cranks and lunatics and idiots because we have warned our fellow-men against the inevitable and intolerable consequences which would follow the adoption of a gold standard *by all the world.* But who, I ask, can be silent in the presence of **such impending calamities?** * * * What will be the exchangeable value of a

Awful Effect of Universal Gold Monometallism.

gold dollar when India's people, **outnumbering alone** *the inhabitants of the United States, England and France and Germany*, **reach out after their share of gold coin?** WHAT WILL BE THE FINAL PRICE OF GOLD WHEN ALL THE NATIONS OF THE OCCIDENT AND ORIENT JOIN IN THE SCRAMBLE? * * *

"I have read with care the message sent to us last week, and have considered it in the light of every reasonable construction of which it is capable. If I am able to understand its language, it points to **the burial of silver** [as money], **with no promise of resurrection.** Its reasoning is in the direction of a single standard. **It leads irresistibly to gold monometallism**—to a realm over whose door is written **'Abandon hope all ye who enter here!'** BEFORE THAT DOOR I STOP APPALLED. Have you gentlemen considered **the effect of a single gold standard universally adopted?** Let us not deceive ourselves with the hope that we can discard silver for gold, and that *other nations will take it up and keep it as a part of the world's currency.* When all the sil-

ver available for coinage could gain admission to some mints, and all the gold available for coinage would find a place for mintage, and some nation like France maintained the parity by means of bimetallism, it was of comparatively little importance whether a *particular* nation used silver or gold or both. Under bimetallism exchange did not fluctuate and trade could be carried on without inconvenience. **But times have changed.** One nation after another has closed its mints to silver, **until the white metal has in European countries been made an outcast by legislation,** and has shown a bullion value different from its coinage value. **India** at last, guided by the misrepresentations of the metropolitan press, which proclaimed as certain what was never probable, **has suspended free coinage,** fearing that this country would stop the purchase of silver. If the United States, the greatest silver-producing nation, which now utilizes *more than one-third of the total annual product of the world,* closes its mint to the coinage of silver, **what assurance have we that it can retain its place as primary money in the commercial world?**

"Is it not more reasonable to suppose that **a further fall in the bullion value of silver will be followed by a demand for a limitation of the legal-tender qualities of the silver already in existence?** That is really being urged by some. Is it not reasonable to suppose that our hostile action will lead to hostile action on the part of other nations? Every country must have money for its people, and *if silver is abandoned and gold substituted,* **it must be drawn from the world's scanty supply.** [Annual supply and demand compared, page 200, above.] * * *

"What will be the exchangeable value of a gold dollar when India's people *outnumbering alone the inhabitants of the United States, England, France and Germany,* **reach out after their share of gold coin?** WHAT WILL BE THE FINAL PRICE OF GOLD WHEN ALL THE NATIONS OF THE OCCIDENT AND ORIENT JOIN IN THE SCRAMBLE?" As to their comparative numbers see page 204, above.

CONGRESSMAN BLAND ON FREE COINAGE.

"The Blighting Hand of Confiscation."

On August 12th Mr. Bland on the floor of the House said:[1]

In asking us to repeal the silver purchase law unconditionally, **and thus institute a policy of a further contraction of the volume of money in the gold standard countries,** we are asked "to lay THE BLIGHTING HAND OF CONFISCATION **upon the millions of**

[1] This also was selected for publication long before Mr. Bland was mentioned as a candidate for the Democratic Presidential Nomination.

people inhabiting the countries, to turn them out as tramps upon the land, merely to satisfy the greed of English creditors.

"Oh, my God, shall we do such a thing as that? Will you crush the people of your own land and send them abroad as tramps, will you kill and destroy your own industries and especially the production of your precious metals that ought to be sent abroad everywhere—will you do this simply to satisfy the greed of Wall Street, the mere agent of Lombard Street in oppressing the people of Europe and of this country? It cannot be done, it shall not be done! I speak for the great masses of the Mississippi Valley and those west of it when I say you shall not do it!

"Any political party that undertakes to do it will, in God's name, be trampled, as it ought to be trampled, **into the dust of condemnation now and in the future.** Speaking as a Democrat, all my life battling for what I conceived to be Democracy and what I conceived to be right, I **am yet** AN AMERICAN ABOVE [CLEVELAND] DEMOCRACY. I do not intend, we **do not intend, that any party shall survive, if we can help it, that will lay the confiscating hand upon Americans in the interest of England or of Europe.** Now, mark it, this may be strong language, but heed it. The people mean it, and, my friends of Eastern Democracy, **we bid farewell when you do that thing.**

"Now, you can take your choice of sustaining America against England, American interests and American laborers and producers, or *you can go out of power.* **We have come to**

The Parting of the Ways.

I do not pretend to speak for anybody but myself and my constituents, but I believe that I do speak for the great masses of the great Mississippi Valley when I say that we will not submit to the domination of any political party, however much we may love it, that lays the sacrificing hand upon silver and will demonetize it in this country [i. e., cause falling prices].

The Moneyed Interests versus the Interests Other-Than-Moneyed.

"For myself, I will not support such a policy here or elsewhere, but will denounce it, and as a Democrat I will denounce it as un-Democratic and un-American, and will ask the people of this country to condemn it as they ought to have condemned the so-called Democrats engaged in it as agents, the tools—I withdraw that word, but I will say **as the representatives, unintentionally, of the money power and the moneyed interests, and not of the masses of the American people.**

Insincerity of Cleveland Democracy.

"Gentlemen, you cannot hold the Democratic party together on that

line. **You cannot pledge yourselves to bimetallism in your platform and ignore it in your legislation.** * * * We voted the ticket in good faith; we expected that the platform would be carried out as was promised. But, lo and behold! we find that WE WERE TRICKED, THAT WE WERE DECEIVED. **And I use the language advisedly.** I believe it was not intended by our Eastern Democratic friends that tariff reform should be considered first, but **their main, if not their sole, object was to put their hands upon silver and demonetize it and let tariff reform take care of itself afterward.** And here we are, just in this situation: **Reduce the tariff 25 per cent, yet make money in gold 25 per cent more valuable, the tariff remains as great a burden as ever.** It takes the same quantity of wheat, corn, pork and cotton to pay it as before. * * *

"**You propose to remit us to the demonetization act of 1873,** which in all my section of the country the Democratic party on every stump has denounced as the monumental fraud of the nineteenth century. Here is a Democratic House proposing to go right back to that act. **When you do so**

You will be Guilty of a Greater Fraud than that Act Itself.

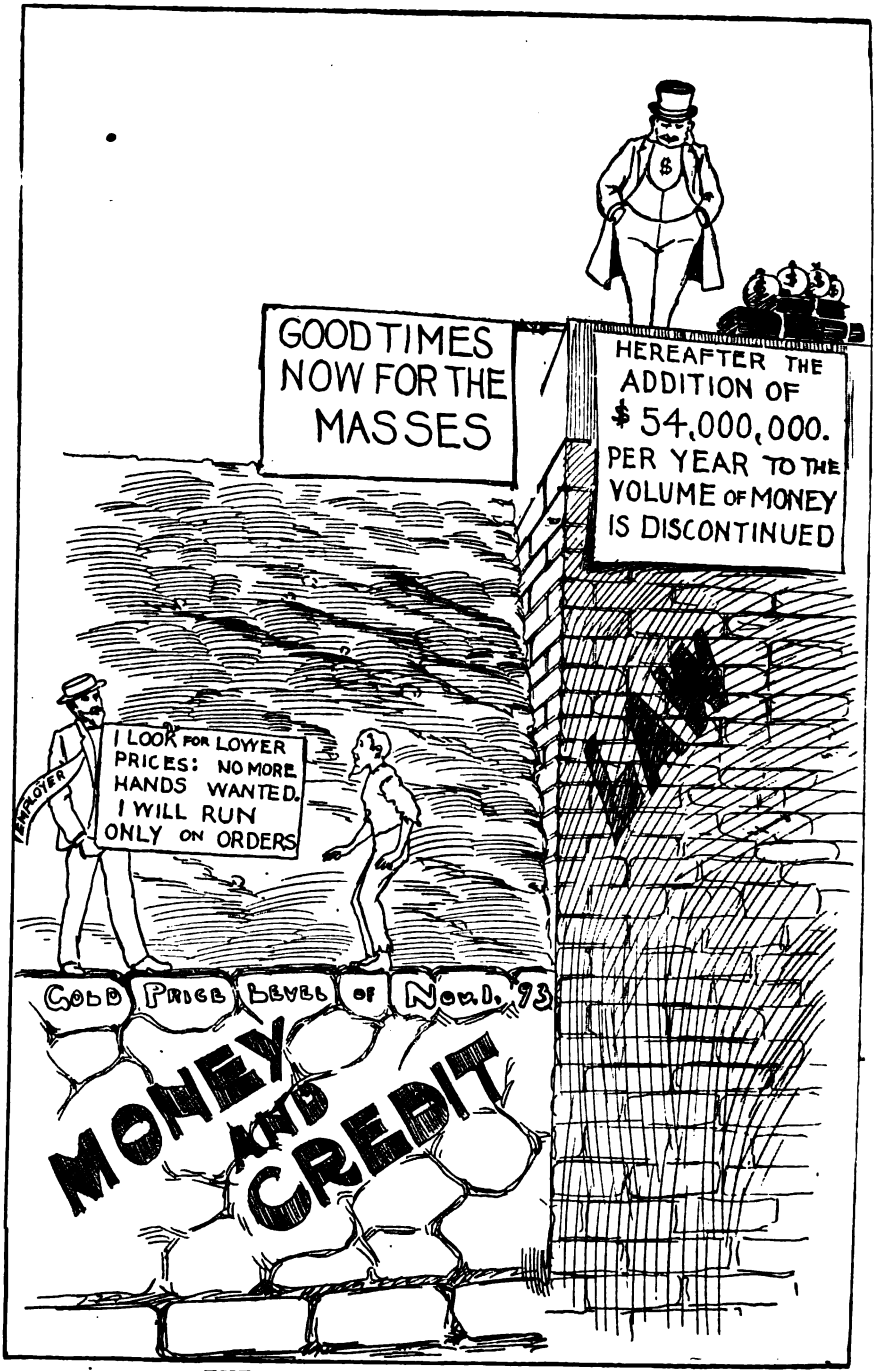
I speak advisedly when I say that if the Democratic party, after all the pledges it has made in regard to silver in its platforms, National and State, should take the country **back to its condition under the act of 1873** you will have consummated the monumental fraud of the nineteenth century, because we never expected much from Mr. Sherman or his party; they never made as many promises as we have."

Of those in the House who voted **against the unconditional repeal of the silver purchase law,** 24 WERE REPUBLICANS AND 85 WERE DEMOCRATS AND POPULISTS.

The bill was passed in the House August 28, but the Senate held out until October 30, at which time, through the use of the Patronage Club and other methods, enough votes were secured to pass the bill unconditionally. Of those voting **against it** there were 19 DEMOCRATS, 9 REPUBLICANS AND 4 POPULISTS.

R. *THE PROPHECY OF THE CONTRACTIONISTS.*

Those who advocated the Unconditional Repeal of the silver purchase law, declared that to do so would result in a return of Prosperity. In short, that **the Unconditional Repeal was for the best interests of the country.** (See illustration, next page.) On the other hand


GOOD TIMES NOW FOR THE MASSES
HEREAFTER THE ADDITION OF $54,000,000. PER YEAR TO THE VOLUME OF MONEY IS DISCONTINUED
EMPLOYER
I LOOK FOR LOWER PRICES: NO MORE HANDS WANTED. I WILL RUN ONLY ON ORDERS
GOLD PRICE LEVEL OF NOV. 1, 93
MONEY AND CREDIT

THE BUSINESS OUTLOOK NOV. 1, 1893.

S. *THE PROPHECY OF THE BIMETALLISTS*

was that **we should expect falls in general prices and the usual depression which follows such a condition,** for the Unconditional Repeal shut off a stream which was adding $54,000,000 each year to the volume of money and this aid not suffice to keep general prices from falling. The question is, Who was right? What do the Facts of History show? **Fortunate it is that we now can look back and see who was right.** WE NOW CAN KNOW WHICH WAY TO CAST OUR BALLOTS.

T. *BUSINESS CONDITIONS AS SHOWN BY HISTORY.*

The Repeal Bill became a law November 1. For the week ending November 3 Dun & Co. said: "Bankers as more liberal in accommodations," but as regards trade "there is scarcely any signs of improvement."

And at the end of the third week: "Monetary difficulties no longer hinder," but the volume of business did not increase. "Twenty-four works of all kinds have wholly or in part resumed, against **fourteen closing,** yet less than half the iron-working power is active and out of ninety-nine woolen works at the East only ten are working full time, while forty-five were shut November 1. * * * State factory inspectors report that out of **ninety thousand persons** employed in textile mills in Philadelphia **only 17,500 are at work.** * * *"

At the end of December 8 Dun & Co. reported that "on the whole indications are *a little less satisfactory* than they were a week ago."

And again one week later: Trade still waiting and *"on a mere hand-to-mouth basis."* **Gold was exported during the week and the gold in the treasury became so low that an issue of bonds was talked of.**

For the week ending December 29 **the awfulness of the falling prices of the gold standard was shown** in the facts set forth IN THE REPORT OF DUN & CO. In part this report said:

Resume for the Year 1893.

"Starting with *the largest trade ever known, mills crowded with work and all business stimulated by high hopes,* the year 1893 has proved i[illegible] den shrinkage of trade, in commercial disasters and depressi[illegible] dustries **the worst for fifty years.** * * * **The year c[illegible] prices of many products the lowest ever known, with m[illegible] workers seeking in vain for work and with charity laboring to keep back suffering and starvation in all our cities.** The review of different departments of trade given to-day exhibits **a collapse of industry**

and business which is almost without precedent." In the iron industry "the recovery at December 1 *still leaves 40 per cent of the forces unemployed. Over half* the woolen manufactories are idle. * * * With prices as low as ever the shipment of boots and shoes from Boston are *24 per cent less than last year in December.* * * *

"Not only manufactured goods as a whole but **the most important farm products are so low that producers find little comfort.** * * * Wheat is repeatedly sold here [New York] and at Chicago *at the lowest price ever known* and is but half a cent above it now. Pork fell **$7** [per barrel] in an hour when the speculation burst, *but sells lower yet to-day.* Cotton sells below 8 cents. * * *

"Monetary anxieties appeared to cause the panic and became epidemic *when doubts were raised in April about redemption of the treasury notes and silver.* * * * Deposits in national banks alone decreased in five months *nearly $300,000,000.* Purchases for consumption shrunk so much, so many hands were out of work or earning reduced wages and business of all kinds was so reduced that *the accumulation of idle money became the greatest ever known, exceeding $200,000,000 in New York.*

"Clear evidence of the shrinkage in different branches of business is afforded by answers already received to several thousand circulars requesting figures of sales during the last half of 1893 and 1892. Returns of **textile goods** show sales amounting to **a decrease of 37 per cent.**

"**Iron** returns thus far aggregate **a decrease of 38 per cent; of jewelry, a decrease of 29 per cent; of furniture, 26 per cent; of dry goods 20 per cent; of hardware, 19 per cent; of shoe manufactures, 18 per cent; and of dealers, 8 per cent; and of clothing, 10 per cent.** It is curious that the only trade showing an increase is in groceries, the aggregate sales being one per cent larger than in the last half of 1892."

Bradstreet pointed out that **during the year "more than 240 banks were compelled to suspend, with an aggregate of about $80,000,000 liabilities and assets fully 25 per cent in excess of that sum."**

During December **there was an average decline of $1.83 per share in sixty of the most active stock trading in New York.**[1] This could not be laid to tariff agitation but to the shrinking volume of money as compared with its uses.

1894. Business Outlook.

For the week ending January 5, 1894, Dun & Co. pointed to **the absence of hopefulness among speculators,** *i. e.*, the absence of hope that the general prices of property would remain stable or rise. Brad-

[1] Current History, Vol. III, p. 689.

street said: **"Reductions of wages in industrial lines continued numerous in establishments which remained at work."**

1894. Business History.

At the end of the next week (January 12th) Dun & Co. said: "Business has distinctly improved since the New Year came," but it was only a "flash in the pan," for **the prospect of falling prices continued, and in nearly all the industries wages were being reduced, thus further curtailing the wage-earner's power to purchase for consumption.**

Unemployed do not Decrease. Wages Reduced 13 to 20 Per Cent.

During the next week (week ending January 19) **widespread reductions in wages of from 13 to 20 per cent** were noted with **nearly as many factories closing as was the number of those resuming operations.** The revenues of the general government were falling behind about 5 million dollars a month, the gold reserve was down to 70 millions and **a loan of 50 million dollars in gold had been asked for by the government.**

The Great Fall in General Prices.

For the week ending January 26 Dun & Co. said: **"In no direction are quotations of manufacturers' products higher,** but, while *some have actually declined,* the general tone is somewhat stronger." It is further pointed out that **the average price of commodities** IS 13.8 PER CENT LOWER THAN A YEAR AGO, HAVING FALLEN 4.3 PER CENT SINCE OCTOBER 1,[1] while British prices, accord-

[1] A fall of 13.8 per cent in the prices of commodities taken as a whole *has a far-reaching effect.* In paying to Europe the interest due from the United, States **it compels the payment of about 1-6th more commodities;** in short, SEVEN CARGOES OF WHEAT HAVE TO BE SENT TO AMOUNT TO A SUM WHICH SIX CARGOES OF WHEAT WOULD HAVE DISCHARGED BUT ONE SHORT YEAR PREVIOUS. This same ratio of increase on all the exports of the United States shows results which are simply astounding. On the basis of $400,000,000 as the annual interest charges due from the people of the United States to the people of Europe, a fall of 13.8 per cent in the general prices of commodities, i. e., an increase in the exchange value of money to this extent, **gives yearly to the people of Europe about $60,000,000 dollars of the exchange value of the dollars in use before the appreciation took place;** and besides **the principal sum is increased in exchange value about 1-6th.**

As we shall see later on, general prices continued to fall, and BY SEPTEMBER, 1895, THE PRODUCTS SENT ABROAD FROM THE UNITED STATES WERE SO LOW IN PRICE THAT THEY DID NOT PAY OUR INTEREST, TO SAY NOTHING OF REDUCING THE PRINCIPAL. The Chicago Tribune September 17, 1895, sounded the following alarm:

"The people of the United States are

ing to the London Economist, fell 2.5 per cent from October 1 to January 1.

Wages Reduced Still Further.

Dun & Co. also said: "Reductions in wages continue, and about a quarter of them are 20 per cent and the rest ranging from 7 to 17 per cent." At the end of the next week (February 2) the outlook was such that speculators did not look for the prices of commodities to soon rise. At the end of the following week (February 9) wheat had touched **the lowest price ever reported.** The increase in the offerings of commercial paper which had appeared for some time had almost ceased and the resumption of work in the industries continued disappointingly small.[1] And at the end of the succeeding week (February 16, 1894) Dun & Co. said: "This has been a week of record breaking. In wheat, in silver, in some forms of iron and steel, in Connellsville coke and in well-known cotton and woolen goods

The Lowest Prices Ever Known

have been made. It is gratifying that failures of importance have not resulted. * * * Cotton declined an eighth. * * * Textile industries do not seem to have gained, for **as many works have closed as have resumed work,** *and in woolen and cotton manufactures* rather more.

"Exports of merchandise [when expressed in prices] were about $500,000 smaller for the week than last year. There is no change of importance in money markets and no increase in commercial loans. Clearing-house balances outside New York, were **24.4 per cent less than a year ago.** Failures for the week have been **322 in the United States, against 197 last year."**

At the end of the next week (February 23, 1894), Dun & Co. said: **"Business of all kinds is hesitating until more can be determined about the future.** *Prices are again greatly depressed,* **as low or lower than ever having been made in wheat, silver [as compared to gold which has appreciated], and some manufactured products, and neither cotton, wool nor raw iron has advanced.**

running behind in their business with foreigners fully $200,000,000 per year. * * * **The situation is a grave one.** How shall the disadvantage be remedied?

The manifest remedy is to reënact a bimetallic law similar to the one which existed prior to 1873, i. e., provide for the free coinage of silver at 16 to 1. **This will raise gold prices about 20 per cent, and probably prevent thereafter a further fall in general prices.** What we want is STABILITY IN GENERAL PRICES, and to get this we must go to the bimetallic standard. An incident in attaining this is a rise in gold prices of about 20 per cent, a thing of itself which will yield more justice than injustice's.

[1] Dun & Co. Report.

"**The glutted money markets** continue to show that the volume of business is still inadequate to employ the circulation available. * * * **Prices of commodities now average about 1.4 per cent higher than a month ago, but 11.7 per cent lower than a year ago.** More works have resumed on increased hands or hours than have stopped or reduced, but numerous reductions in wages continue to lessen the purchasing power of those that work." "The demand for distributors is **almost exclusively for medium or low priced goods.**" This shows how THE PEOPLE WERE BEING FORCED TO LIVE MORE AND MORE POORLY.

For the week ending March 7, 1894, Dun & Co. said: "Evidences of *present* improvement in business multiply, **but confidence in future improvement does not seem to increase.** * * * In some branches of business there are indications of **a diminishing demand for goods, and an evident preference for** MEDIUM AND LOW PRICED ARTICLES, **with the known reduction in wages and family expenditures,** LEADS MANY TO FEEL SOMEWHAT LESS CONFIDENT THAT BUSINESS WILL SOON RECOVER ITS FORMER VOLUME. Undertakings reaching beyond a short time are not made with greater freedom, and in spite of a larger present demand **prices of manufactured goods tend downward.**"

Price Record Again Lowered.

For the week ending March 16 Dun & Co. said: "**Prices of commodities are this week on the whole the lowest of which there is any record,** HAVING DECLINED 1.2 PER CENT IN MARCH [16 DAYS OF MARCH] **and averaging 11.3 per cent lower than a year ago.** * * * The volume of business represented by bank clearings this week is **31.2 per cent less than a year ago.** * * * The number of failures this week is **264 in the United States against 190 last year.**"

For the week ending March 23, 1894, Dun & Co. said: "Uncertainty does not diminish but has rather increased. * * * **The prices of commodities are on the whole** ABOUT 1.5 PER CENT LOWER THAN LAST WEEK, **though then the lowest ever known in this country** and are 12.9 per cent lower than a year ago.

"More mills at work, though **the proportion of productive force unemployed is still from a fifth to a third in different branches of industry and many mills are stopping** because their orders have run out, even while a larger number are starting with orders enough for a time."

For the week ending March 30 Dun & Co. said: "**Slowly but yet quite perceptibly the force at work increases.** The approach of spring *compels* the dealers to replenish stocks and the aggregate of orders is smaller than usual at this season, is distinctly larger than in January or

February. Except in speculative markets, **prices do not recover and in some instances have gone lower."**

Reduced Gold Reserve—How It was "Milked."

Friday, April 6, a special from Washington to the Chicago Tribune said: "The treasury reserve is now less than $6,000,000 in excess of the hundred million dollar mark. * * * The treasury officers say that **a good deal of gold which was turned over for the bond issue has found its way back into the vaults of the banks** and the reports of the Comptroller of the Currency bear out this statement."

The presence of large numbers of unemployed and the great reductions in wages which were taking place, made the times ripe for Labor Outbreaks, as in 1877 and 1886.

Labor Outbreaks.

On the 2nd of April a strike occurred in the Connellsville coke region. The strikers were Hungarian and Slav operatives. "It was characterized by rioting, murder and the most wanton destruction of property by the infuriated and ignorant mob. **English-speaking laborers were driven from their work, mines and machinery were blown up and destroyed by dynamite, and the chief engineer** of the Frick Coke Company at Connellsville, J. H. Paddock, **was murdered** by a mob of 200 Hungarians. The citizens of the town organized and united with the sheriff to restore order, and **some of the foreigners were killed,** while 136 of the rioters were lodged in jail.

"In May the riotings broke out again at Scottdale. The Hungarian women led some 200 discharged strikers against the new operatives put in their places, and **a desperate battle resulted, in which ten of the rioters were shot and the superintendent of the works nearly killed.** The new workmen were driven out, but the rioters were later dispersed by deputy sheriffs armed with Winchester rifles."[1]

Business Further Reduced—Wages Further Reduced.

Strikes and Insurrections.

For the next few weeks after April 6th, 1894, the commercial reports show that **strikes against further reductions of wages** were the order of the day, that **business dropped off still further with the wage-earners' purchasing power still further reduced.**[2]

[1] Daily News 1895 Almanac.

[2] For the week ending April 20 Dun & Co. said: "Most of the recovery realized in business has been made possible by **the consent of workers to accept lower wages** for a time, and if

At the end of May 11 Dun & Co. again speak of **"the lowest price ever made for wheat, while exports are [when expressed in dollars] smaller by more than a quarter."** And they further say: "It is **striking evidence of a general want of confidence** [i. e., want of confidence that the prices of commodities and other property will rise] that there is *so little speculation while* MONEY IS ABUNDANT ALMOST BEYOND PRECEDENT."[1]

At the end of the succeeding week (May 18, 1894) the strikes still continued. **Gold was going abroad** "INSTEAD OF WHEAT AT 57 CENTS, OR COTTON AT 7.19 CENTS," and in the Senate the tariff revision was seemingly as far off as ever.

they insist on restoration of wages before consumption has restored prices *many works must stop.* **So far as learned there are about 23 additional strikes, involving 21,000 people.** THIS BRINGS THE TOTAL NUMBER OF THOSE NOW ON STRIKE OR IDLE BECAUSE OF STRIKES UP TO 60,000. The week also furnishes eleven shut-downs of important industrial establishments, more than offset by resumptions at thirty-two others which furnish employment to 5,000 operatives, although seven important establishments announce reductions of wages. * * * Cities along the line of the Great Northern Railway, which road *is now at a standstill because of a strike of employees*, are finding their reduced volume of business still further curtailed, and at Chicago labor troubles seriously affect building trades." (This latter quotation is from Bradstreet.)

"Failures for the week are 219 in the United States, against 186 last year. Bank clearings 2[illegible].9 per cent less than for the preceding year."

The strike on the Great Northern Railroad mentioned above is noteworthy in that it was "a tie-up from St. Paul to the Pacific Coast," and that a United States judge granted an injunction against the strikers. This order of court was disregarded and thus **the strikers came into direct conflict with the United States Government.**

On the 21st of April the strike in the bituminous coal regions began as ordered. Six days later "152,000 miners had left their work. * * * In a few days after the inauguration of the strike **the whole bituminous coal region of the United States was a scene of insurrection and lawless violence against the civil authorities."** (Chicago Daily News Almanac, 1895, p. 78.)

On the first of May the strikers on the Great Northern Railroad concluded an agreement in which they were comparatively successful.

[1] Dun & Co. further said: **"The great coal miners' strike** has been extended in the far West and in portions of Maryland and the Virginias, and this has been followed by **an increase in the number of industrial shut-downs due to increasing scarcity of fuel.** Not far from 175,000 men are reported idle in the coal trade alone, and with those idle or on strike in other lines the total out of work is not less than 225,000. Destruction of property has been a feature of the coal strike in Pennsylvania and Alabama. Failures for the week were 206 in the United States, against 257 last year"—a time when the Bankers' War was being waged against Industry.

"Bank clearings 34.2 per cent lower than for the preceding year."

More Labor Outbreaks and Civil War.

By the 23rd of May "175,000 miners had joined the bituminous coal strike, stopping four-fifths of the entire soft-coal production in the United States. * * * Near Uniontown, Pennsylvania, the armed strikers ordered the coke works closed and upon refusal 1,500 strikers attacked the works, which were guarded by 15 armed deputies. **A battle took place, in which the assailants were defeated and retreated, leaving 5 dead and 8 wounded. These conflicts were duplicated in many places.**

"**In Illinois the strike became** A REBELLION AGAINST THE STATE. * * * The Governor was called upon for troops. * * * For more than a week the coal regions of the state was a pandemonium with mobs threatening miners, closing mines, wrecking coal trains, defying troops and the civil authorities and putting a complete embargo on all kinds of business.

"**In Ohio the Governor called out 1,500 State troops.** * * * In all about 3,000 troops were under arms doing guard duty. **Similar outbreaks were reported from West Virginia at Charleston, in Maryland at Cumberland and Frostburg and other points, and at various places in Iowa and other States.**"[1]

On the first of June the situation **in Indiana** was so alarming that **the Governor brought out the militia of the State and checked the lawlessness.**

"By the 5th of June it was evident that the strike must fail. The funds of the Miners' Union were exhausted and the great army of strikers could not be supported. The jails were full of strikers and there were no funds to defend the legal proceedings against them. The country was abundantly supplied with men out of work who were anxious to take the places of the strikers and they saw that they would soon be supplanted. It was impossible to sustain and carry on the strike against the militia in the field, and to permit the mines to be opened was to find them at once filled with new men. * * * On the 11th of June an agreement was made and signed which put an end to the strike."[2]

The Commonweal Armies.

Early in the spring of 1894 a movement among the unemployed began. Organizations were formed by whilom Republican and Democratic voters, each known as a "Commonweal army," or "Industrial army;" the object was to present to Congress "**petitions in boots.**" The subject-matter of the petitions was as various as were the number of

[1] Chicago Daily News Almanac, 1895, p. 78.

[2] Chicago Daily News Almanac, 1895, p. 78.

leaders and the demands thoroughly impracticable. (See illustration, next page.)

The first army organized was that of J. S. Coxey, of Massilon, Ohio. On the 24th of March, 1894, it started from that city for Washington. "No sooner was Coxey's movement well under way than it met with a hearty response in various parts of the country. Wherever there were **bodies of unemployed men** the idea was seized upon and industrial armies began forming in many localities. The total number of men in these organizations was about 10,000," distributed as follows: There were six armies. The first was Coxey's, next was Frye's detachment from Los Angeles, Cal., Kelly's from San Francisco, Randall's from Chicago, Hogan's from Montana, and one from Oregon. There were "smaller bands from other sections."

An eminent Professor in Sociology, who closely questioned many of the Chicago men, has said: "Of 115 questioned as to education *only two were badly educated.* * * * Of 198 questioned as to politics, 88 were Democrats, 39 Republicans, 10 Populists, 25 did not vote, while 28 were not naturalized.

"One-half the non-Chicagoan industrials were married and had **left their families in search of work.** One-fourth of 261 had **been helped through the winter by charity.** THE AVERAGE DURATION OF LACK OF EMPLOYMENT WAS FIVE MONTHS. Two-thirds of them had saved enough to tide them over this period but **their savings were spent.** Only five or six seemed to be of questionable character.

"It is, therefore,' says Professor Hourwich, **'not the tramp, but the unemployed working man—the unfortunate citizen—who has turned into the ranks of the commonweal.'** * * *

"No bodies of broken, landless men ever seemed to behave with a more scrupulous regard for the rights of property. * * * In many of the camps the singing of hymns and preaching was the main occupation of the men in the evenings. * * *

"The march of the Industrials has introduced a new feature into the discussion of the Labor Question. * * * **The possibility of a general uprising of the unemployed is a serious matter."** [1]

The good behavior of the unemployed would in all probability have been *vastly different* had they *then known as they do now* that **the Panic of 1893 was Caused by the great money loaners of New York and Europe, assisted by the President of the United States;** had they known that **the continued depression after the repeal of the silver purchase act was due to legislation which gave to the gold-using world** A VOLUME OF MONEY LESS AND LESS PROPORTIONED TO ITS

[1] **Chicago Daily News** Almanac for 1895, p. 94.

SIX MONTHS AFTER UNCONDITIONAL REPEAL—COMMONWEAL ARMIES

USES—PRICES OF COMMODITIES AS A WHOLE, FALLING, FALLING, FALLING. **With an outlook for falling prices, wise men refuse to engage in production and wage-earners must tramp the streets.** The effect of Rising Prices was shown in 1879 and '80 (see above)—and had a bimetallic law been enacted in 1893 when the silver purchase act was repealed, the country would have had **rising prices** (see above) **with its consequent activity in all lines of production, and wage-earners would have had full employment, with wages tending toward a greater and greater proportion of the product, because of the increased demand for labor.** See charted statistics, page 82, above.

For the week ending May 25

The Outlook for Lower Prices Still Continued,

Dun & Co. saying: "Storms and floods, prolonged strikes and **large exports of gold** have done their utmost this week to give business a vacation. * * * Prices of products *still tend downward* without much speculation."

Bradstreet said: "AT NO TIME SINCE THE PANIC AND BUSINESS DEPRESSION MANIFESTED THEMSELVES LAST YEAR **have reports as to the volume of sales of merchandise, the manufacture of staple goods, and indisposition of merchants generally to buy except for** ABSOLUTELY IMMEDIATE WANTS, BEEN SO PRONOUNCED AND SO GENERAL THROUGHOUT THE COUNTRY AS DURING THE LAST FEW WEEKS. **Based on comprehensive and careful examination** THE NEXT FEW MONTHS PROMISE A CONTINUANCE IF NOT AN INTENSIFYING **of existing conditions of extreme dullness and depression.** * * * The total number of industrial employees idle as a result of coal scarcity is placed at 35,000, and the total number idle on account of the strike, which now appears literally to fail, is 210,000. In other industrial lines 25,000 men are reported idle as a result of a strike, making the total number now idle 235,000.

"Failures for the week, 237 in the United States, against 247 in the week a year ago. Bank clearings 18.2 per cent lower than for the preceding year"—a time of panic.

For the week ending June 1 **wheat again touched "the lowest price ever reported" and strikes and "commonwealers" were still the order of the day.**

For the next two weeks Dun & Co. reported that business was no better.

For the week ending June 22, 1894, Dun & Co. said: "It was confidently promised that exports of gold *would cease* **but they have not.** It was promised that the end of the coal strike would bring immediate recovery of industries, but partial resumption of work discloses comparative scantiness of demand for products."

For the succeeding week Dun & Co. reported that "the great strike of coal miners has ended at most points, but *another threatens to interrupt business more seriously for a time*, though the number of hands engaged is comparatively small. **Travel and traffic are well nigh arrested on twenty Western roads already and strikes are threatened on all roads which use Pullman cars.** On the whole other changes during the week have been for the better. Many manufacturing establishments which were stopped *by want of fuel* have resumed. **The depletion of the treasury reserve has been checked by the voluntary deposits of gold** BY NEW YORK BANKERS. **Exports of gold have almost ceased.** Congress has made much progress toward final disposition of the tariff question. Crop prospects grow better as the harvest draws near. Business failures in the United States 214 against 307 last year." **Bank clearings 20.5 per cent less than for the preceding year.**

A. R. U. Sympathetic Strike, and Another Rebellion.

Of the strike on the railroads using Pullman cars, a more detailed account is essential than appears in the foregoing report of Dun's in order that the terrible condition of affairs may be fully understood.

The strike of the American Railway Union began June 26, 1894, on the Illinois Central Railroad in Chicago. "Not only was the passenger traffic blocked but the freight trains were tied up and not a wheel could turn on the line from Kensington to the Randolph Street station.

"On Wednesday, the 27th, the strike in Chicago extended to the Chicago & Northwestern, the Pan-Handle, Western Indiana, Wisconsin Central, Louisville, New Albany & Chicago, Baltimore & Ohio, and Erie. * * * The strike had spread to St. Paul, where most of the business on the railroads was suspended to Milwaukee and various points on the Pacific Coast. On many roads entering Chicago the transportation of the mails was practically abandoned.

"The next day, the 28th, the Attorney-General of the United States sent a dispatch to his assistant in Chicago commanding him to see that the trains carrying the United States mails were not obstructed, and if necessary to secure the assistance of the United States courts and the United States Marshal to execute the law.

"At this time railroad business at Cairo, Ill., Pueblo, Colo., Kansas City, Mo., Topeka, Kan., Duluth, Minn., Los Angeles, Cal., Fargo, N. D., and at many intermediate points had been suspended.

"On the 29th the Illinois Central road applied for troops to be sent to Cairo and the Governor responded to the request. In the afternoon Eugene Debs [the head of the Union] raised the boycott on the Mobile & Ohio, the managers promising to haul no more Pullman cars. The strike had spread so that there was a complete tie-up on the Pacific

Coast, while at St. Louis, Mo., Terre Haute, Ind., Toledo, Ohio, Omaha, Neb., and Dubuque, Iowa, there was practically a suspension of railroad business.

"On the 30th the gravity of the situation was increased and more roads were involved in the strike. During the day the Michigan Central called upon the government for aid.

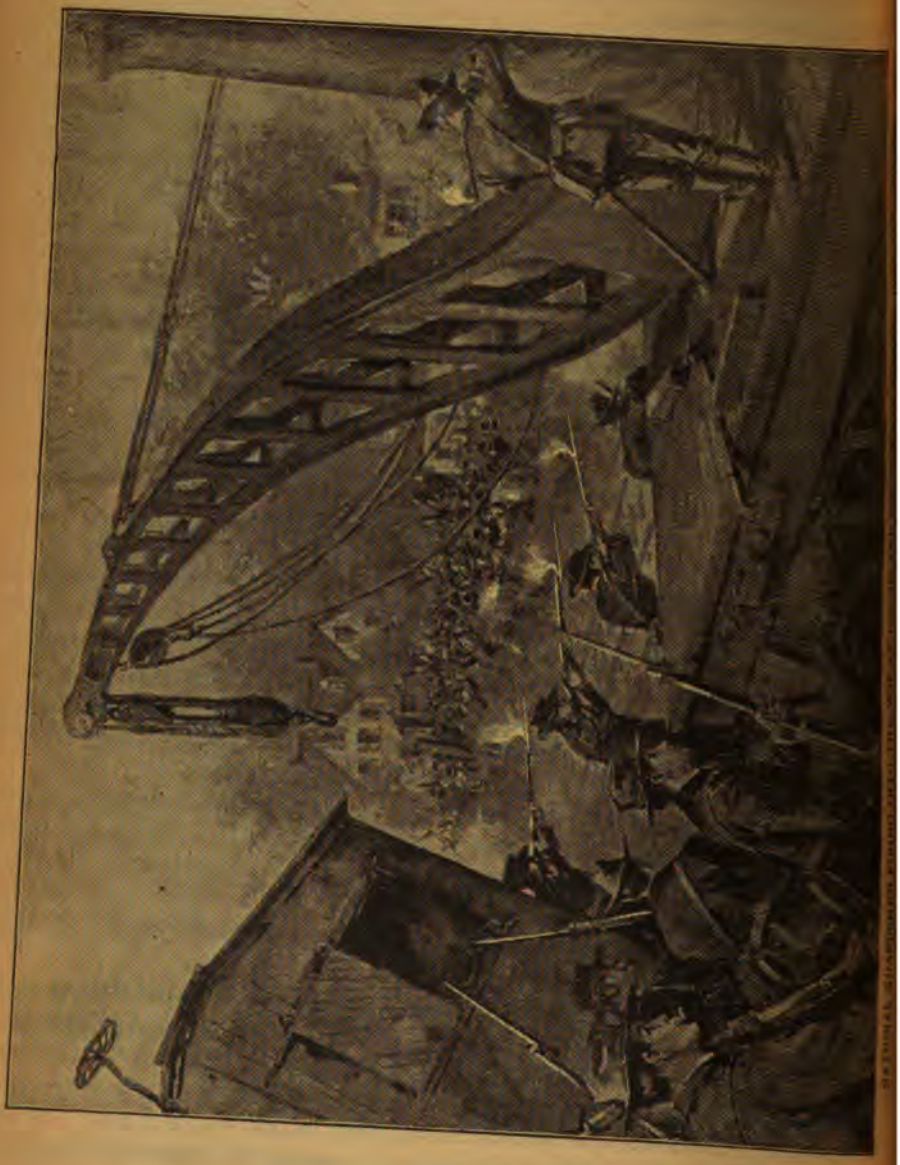
"The situation was worse on the first of July. On the second of July a Cabinet meeting was held at Washington and the questions of interference with interstate commerce, the transportation of the mails and the protection of roads in the hands of receivers and therefore in the care of the government were discussed. On the next day **the regulars at Fort Sheridan were ordered to Chicago** and arrived at 5 o'clock in the afternoon. * * * **In the entire southern portion of the city south of 47th street mob, rule and riot prevailed.** The troops were jeered at by the crowd and when violence was threatened **the mobs were charged upon with fixed bayonets.** * * * **On the 5th the first blood was shed.** * * * Pandemonium prevailed in all the south and southwest railroad districts and the tracks were crowded with excited, angry mobs of men overturning and breaking open cars. * * *

"On the 6th matters were still more desperate than they had been. *The mobs set fire to and burned 775 freight cars* in the yard of the Pan-Handle road. * * * In an affray at Kensington *two men were shot* where a mob of 1,000 infuriated men had attacked and overturned a freight train. In the yards of the Burlington Road at Western avenue and at Hawthorne *211 freight cars, many of them loaded with merchandise, were fired.* During the day **five regiments of State troops were called out** and ordered to report to the Mayor of Chicago for assignment. * * *

"Saturday, July 7, was the worst day of the strike, being the day of the riot at 49th and Loomis streets, where the **militia fired on the mob, killing two persons and fatally injuring several others.** * * * During the day *690 cars and locomotives were burned or wrecked, 96 cars were overturned, 9 buildings were burned,* **and 26 men were killed or injured."** (See illustration on next page.)

On the 8th **the President of the United States issued a proclamation** (see illustration on page 539) warning "all persons engaged in or in any way connected with such unlawful obstructions, combinations and assemblages to disperse and retire peacefully to their respective abodes on or before 12 o'clock, noon, on the 9th day of July." Those who shall disregard this admonishment **"cannot be regarded otherwise than as** PUBLIC ENEMIES."

The same day this proclamation was issued **"a battle took place at Hammond, Indiana,** between the rioters and the regulars, in which *one rioter was killed and seven wounded.*



EIGHT MONTHS AFTER UNCONDITIONAL REPEAL.—"THE OUTLOOK FOR LOWER PRICES CONTINUES."
R. G. DUN & CO.

"On the 9th **the second brigade of State troops was ordered to Chicago** by the government. * * *

"On the 10th Debs was arrested on a bench warrant issued by Judge Grosscup of the United States District Court, charging him with conspiracy against the United States. * * * To prolong the strike an effort was made to call out the Knights of Labor, which signally failed. The last company of regulars ordered to Chicago arrived on this day and this was practically the last day of the strike."

It is worthy of note that **the strike was a sympathetic one,** the men taking part in it having no grievance of their own. It shows, first, *the great development of Altruism*—regard for others—and secondly, *the extent to which the co-operation among wage-earners can take place when it is thought that a wrong is to be righted.* **It augurs well for a combination at the polls in 1896 of those who are against "falling prices" and the evils consequent thereon to all the people in the country except the wealthy creditor and fixed income classes and monopolists.**

The History of Business Continued.

For the week ending July 13, 1894, Dun & Co. said: "With **the second city in the country [Chicago] reported in the hands of a lawless and murderous mob,** with **railway traffic almost entirely stopped over the vast area between Toledo and the Pacific, with Presidential proclamations declaring the existence of an** INSURRECTION, and **the passionate answer, ordering half a million men to drop work,** with **a prolonged strike of coal miners** not fully ended in many states, and **with differences between the House and Senate on the Tariff question** so wide that duties affecting mining and manufactures cannot be anticipated, industries and trade have nevertheless gone on with sublime confidence that the people and their government would soon restore order. The shrinkage of business and the depression of values have been unexpectedly small, the failures relatively few and unimportant, and there are even signs in some industries of actual progress toward recovery from previous troubles." This report, however, does not call attention to *the depleted condition of the country owing to about fifteen months of stagnation, the worst ever experienced in this country.* **There comes a time when things get so bad that it is difficult for them to get worse.**

"The number of failures during the last week has been 237 in the United States against 374 last year." And the report continues in a tone of triumph: "Bank clearings only 11.7 per cent *less* than for the preceding year." But the "preceding year" was a time when the great panic of 1893 was at its height.

For the week ending July 20, 1894, Dun & Co. said: "The effects of the two great strikes have not yet entirely worn off and meanwhile

disagreement between the two Houses of Congress has made tariff uncertainties more distinct and impressive. * * * THE EXPORTS OF GOLD HAVE BEEN RESUMED and are $3,300,000 for the week. Wheat has been skating on thin ice with a chance of breaking through and making the lowest record ever known and *has declined 3 cents during the week.*" The report speaks of the effect of the blockage of railroads by the short supplies of fuel, and continues: "**Behind all other embarrassments there is a remarkable narrowness of demand for finished products.**" This was largely the result of lessened wages lessened profits, non-employment.

"The failures this week have been 236 in the United States against 467 last year," and 168 for the preceding year. Bank clearings for the week **15.5 per cent less than for the preceding year—a week when the number of business failures was "the largest ever reported for a like period."**

For the week ending July 27, 1894, Dun & Co. said: "**The heavy outgo of gold,** the fall of treasury reserve and of the price of wheat *to the lowest point on record* and the increasing uncertainty about the tariff *have entirely overshadowed other industries.* * * * For the week failures have been 249 in the United States against 386 last year" and 171 for the preceding year. Bank clearings were 13 per cent less than for the same week in 1893—*a week then reported as "the hardest week yet."*

For the week ending August 3, 1894, Dun & Co. said: "In spite of outgoing gold and sinking treasury reserves, small railroad earnings, some injury to crops and increasing trouble in the coke regions *the tone of business and the outlook are more hopeful.* * * *

"The failures this week have been 219 in the United States against 436 last year" and 168 for 1892. Bank clearings for the week **21.8 per cent less than for the preceding year—a week when there was "almost a paralysis in exchange between the principal cities."**

At the end of the next week (August 10) the volume of business appears to have increased, but "the business in boots is **conspicuously confined to medium and low-priced articles such as 75 cent shoes for men's and 65 cent for women's wear."**

For the next week there was some increase in the volume of bank clearings. The tariff law had passed both Houses and was expected to become a law. There was a better demand for products. But during the following week "changes were not definite or important."

The Cotton-Spinners' Strike.

"On the 20th of August the cotton-spinners of New Bedford, Massachusetts, struck against a reduction of wages. The strike spread to Fall River and other cotton-spinning centers, until it was estimated that

more than 35,000 operatives were involved. * * * The strike continued until the 12th of October, when *the spinners accepted the proposal of the mill owners.* * * * The weavers were unwilling to return to work at these wages and the strike was continued on their part *until near the close of the year.*[1]

Prices Still Tend Downward.

For the week ending August 31, 1892, Dun & Co., after mentioning the fact that the new tariff bill had become a law, said: "**Prices of manufactured products show weakness rather than strength and there has been a reaction in the stock market.**" "**The expansion of commercial loans has suddenly ceased.**" "Cotton has declined an eighth for the week. * * * The demand for the products of iron and steel has increased but **prices tend downward where any change appears,** as there is not enough business yet to employ the works in operation."

For the week ending September 7 Dun & Co. said: "In some branches strong improvement still continues *while in others trade is diminishing.* Strikes lessen for the time the working force perhaps by as much as it is otherwise increased." And one week later: "In the aggregate business is about a tenth larger than last year but **still falls about 25 per cent below a full volume for the season.**" The reason for this was the continued outlook for falling prices. The tariff had been settled nearly a month before but it was of extremely small importance compared with falling prices—that which affects *every* line of business and industry.

At the end of another week Dun & Co. said: "If in some branches business has materially increased *it has gained only a little or has fallen off in others.*"

Price Records Again Broken.

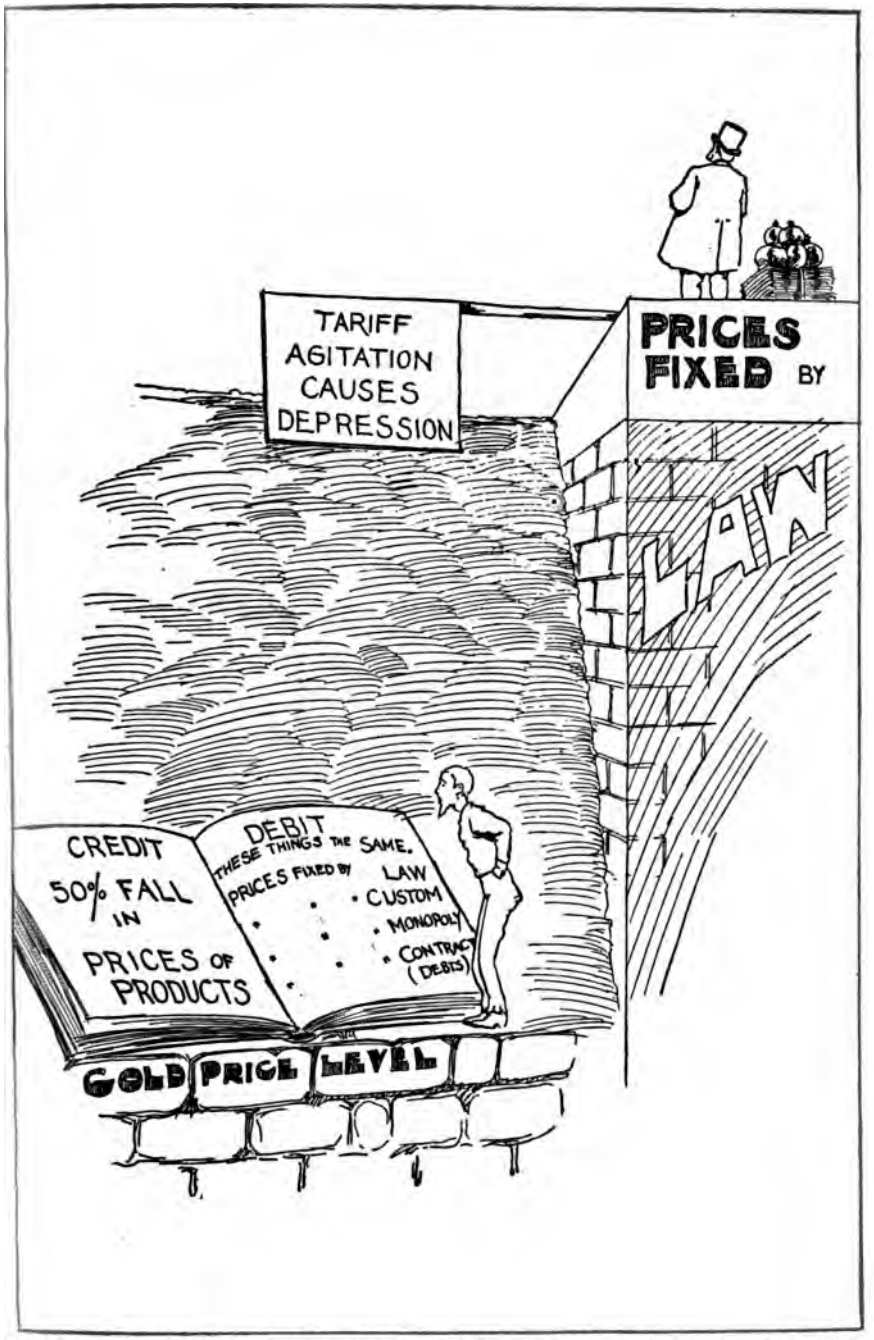
For the week ending October 6, 1894, Dun & Co. said: "With the chief money crops of the West and South sinking in value [price] **it is not strange that purchases of manufactured products are smaller than was expected.** Wheat has touched *the lowest point ever known for options and cotton the lowest ever known in any form.*" And the report continuing says:

"PRODUCERS ARE COMPELLED TO SELL AT PRICES BELOW THE ORDINARY COST OF RAISING CROPS (see illustration, next page,) and in some Western States there is also a lamentable failure of the corn crop."

Prices Lower—Wholesale Dealers Halting.

At the end of the next week Dun & Co. said: "**Wholesale dealers**

[1] Chicago Daily News Almanac, 1895, p. 80.



"ELEVEN MONTHS AFTER THE UNCONDITIONAL REPEAL, AND ONE MONTH AFTER THE PASSAGE OF THE NEW PROTECTIVE TARIFF BILL."

There is no Increase in the Volume of Money, and "Producers are compelled to sell at prices below the ordinary cost of raising crops." (R. G. Dun & Co.)

in nearly all branches are halting because business does not yet show distinctly what it is to be. **Lower prices for the great farm staples and lower wages in some establishments hinder purchases for consumption.** * * * Meanwhile *large imports and small exports of merchandise* with inadequate employment for money here are raising the rates of foreign exchange so that *possibilities of gold exports* somewhat affect the stock market."

Prices Still Lower and yet Gold Being Exported.

For the week ending October 19, Dun & Co. said:

"Cotton below 6 cents and wheat below 55 cents, **each lower than ever since present classifications were known,** EXPORT OF GOLD INSTEAD OF PRODUCTS AT SUCH PRICES IN OCTOBER, are the salient features in business this week. Distribution of goods to consumers goes on fairly, with gains at nearly all points in comparison with last year but not yet at a rate to sustain the present volume of manufacturing production, so that **prices weaken a little.**"

At the end of the succeeding week Dun & Co. said:

Somewhat Less Favorable.

"Gold exports have ceased. Quite a number of mills have gone into operation. * * * The prices of farm products do not improve much and there are still some strikes to resist reduction of wages, so that **the purchasing power of the people cannot have materially increased. The record of transactions is somewhat less favorable than of late.**"

For the week ending November 9, 1894, Dun & Co. said: "Business has been waiting the greater part of the last week and the elections are expected to give it a sharp stimulus. * * * Cotton has declined to 5⅝ cents, which is **again the lowest price ever recorded.**"

A Partial Improvement.

For the week ending November 16 Dun & Co. said: "In nearly all branches of business **gradual improvement appears** and the hopeful feeling observed last week continues." And for a couple of weeks the improvement in business was thought to continue, but it was also noted that "**prices of farm products, in the aggregate,** DO NOT IMPROVE.[1] By January 1, 1895, the conditions were such that

"Prices of Commodities are at the Lowest Level Ever Known."

Dun & Co., for the week ending January 4, 1895, said: "The com-

[1] Reports for weeks ending November 23 and 30, 1894.

plete review of different branches of business places in a clear light the fact that **prices of commodities are at the lowest level ever known.** * * * The average (in the United States,) December 26, 1894, being only 68.73 per cent of the prices in 1860 [49.4 PER CENT OF THE AVERAGE OF THE PRICES FOR THE 11 YEARS, 1867-77]. The range was very little higher at the end of the year and about as low on October 25th. THE FALL SINCE A YEAR AGO HAS BEEN 5½ PER CENT."[1]

As to the condition of industries, "it has been the controlling feature in almost every important industry that **consumption has not kept pace with the output.**

And yet with this terrible condition brought about by falling prices, *i. e.*, the volume of money decreasing as compared with its uses, **gold continued to be drawn from the United States, thus lowering prices still further.**

Gold is Shipped Abroad.

For the week ending January 18, 1895, $5,550,000 in gold was shipped abroad.[2]

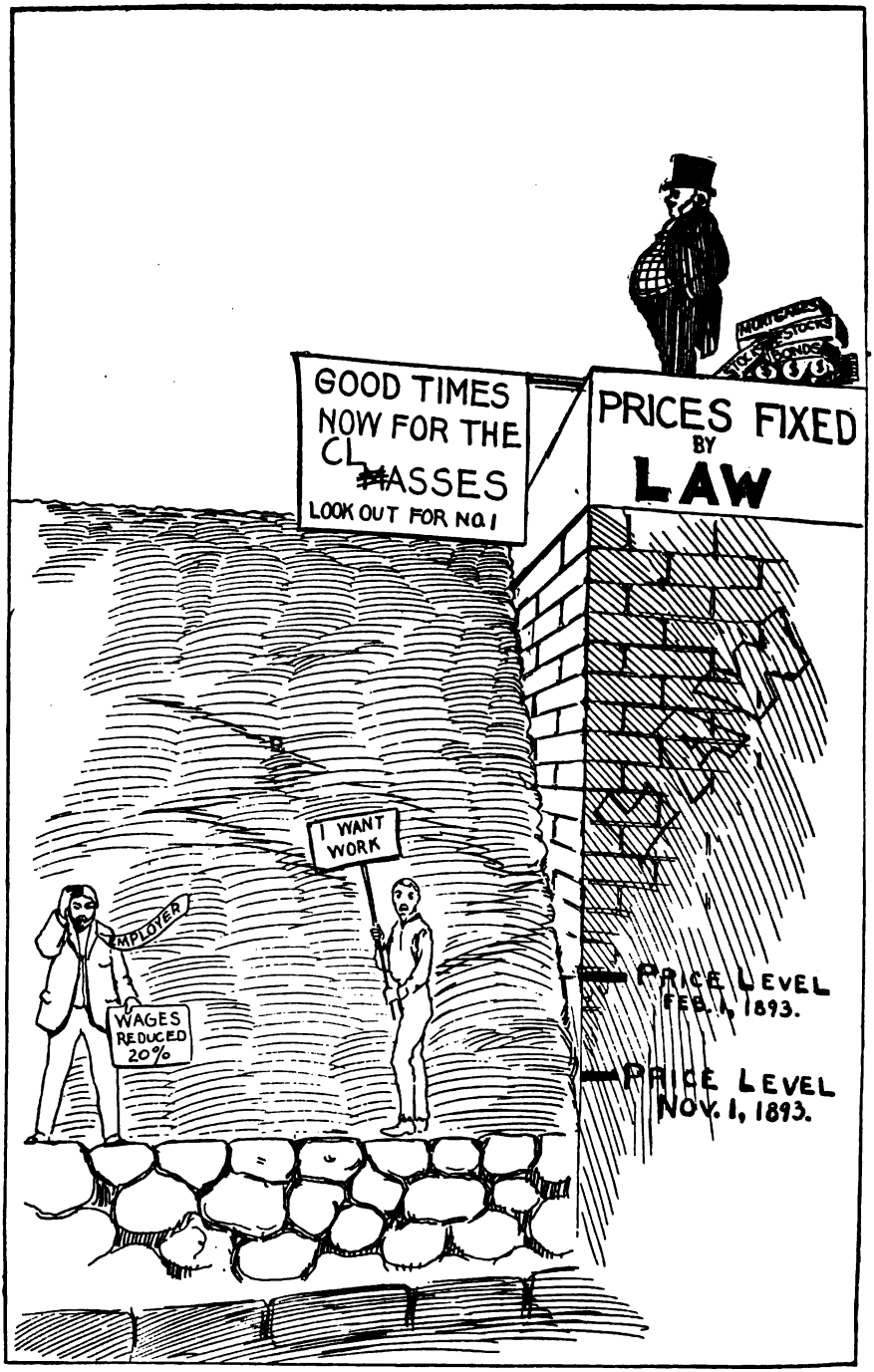
The foregoing history of business from the time of the Unconditional Repeal of the silver purchase law, November 1, 1893, to February 1, 1895, shows this:

CONCLUSION.

It shows conclusively that the Remedy applied November 1, 1893, by the unconditional repeal of the silver purchase law was in favor of the moneyed interests, *i. e., it tended to increase the exchange value of money* and it was against the interests other than-moneyed, *i. e., it decreased the exchange value of things against which money exchanges, except in the case of prices fixed by law, custom, monopoly or trusts.* In short, **as a result of this "remedy" the moneyed interests, during the succeeding year, "fattened," but the people suffered and civilization deteriorated; debts were increased in exchange value at least 5 1-2 per cent, and the power of debtors to pay their obligations was greatly lessened, production was largely paralyzed and the wage-earners and the employers both suffered terribly, the injured classes revolted,** and AS A RESULT THERE WAS CIVIL WAR. Had the people fully understood

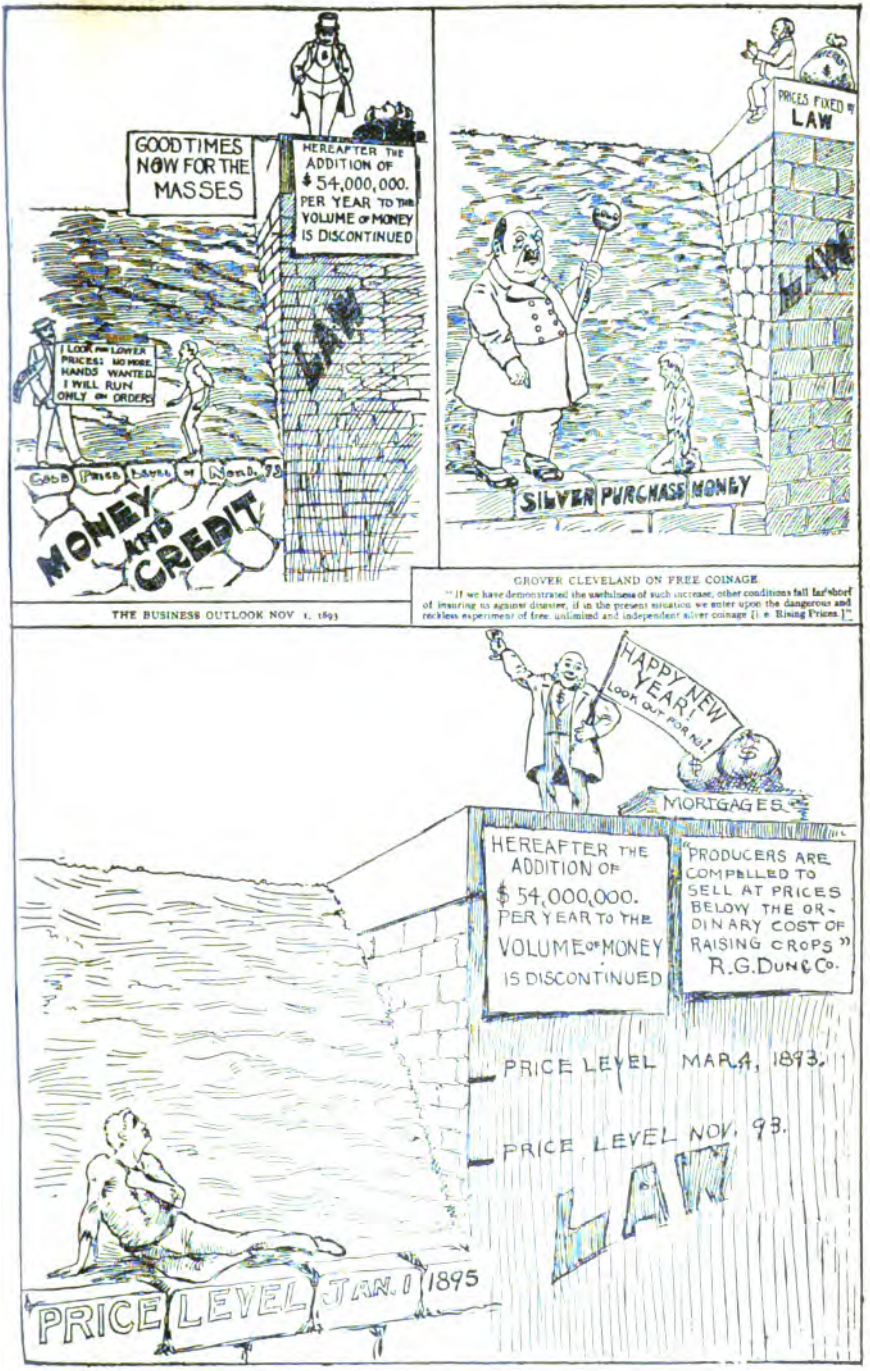
[1] The fall in the general prices of commodities in the United States as above noted is **a fair criterion for all gold standard countries,** except as changes in the tariff laws of the United States may have operated to lower prices. **In England, for the year 1894, the average of general prices for commodities was** 5 PER CENT LOWER THAN THE AVERAGE FOR 1893. During the next two months (January and February, 1895) general prices in England WERE 3 PER CENT LOWER THAN THEY WERE FOR THE AVERAGE OF 1894. (Sauerbeck's Table of Prices, Statistical Journal for March, 1895.)

[2] **Dun & Co.'s report.**



THREE MONTHS AFTER UNCONDITIONAL REPEAL.

"General Prices have fallen 4.3 per cent. For the year the Fall has been 13.8 per cent."


GOOD TIMES NOW FOR THE MASSES
HEREAFTER THE ADDITION OF $ 54,000,000. PER YEAR TO THE VOLUME OF MONEY IS DISCONTINUED
I LOOK FOR LOWER PRICES; NO MORE HANDS WANTED. I WILL RUN ONLY ON ORDERS
Gold Prices Level of March 93
MONEY AND CREDIT
THE BUSINESS OUTLOOK NOV 1, 1893
PRICES FIXED BY LAW
SILVER PURCHASE MONEY
GROVER CLEVELAND ON FREE COINAGE.
"If we have demonstrated the usefulness of such increase, other conditions fall far short of insuring us against disaster, if in the present situation we enter upon the dangerous and reckless experiment of free, unlimited and independent silver coinage [i. e. Rising Prices.]"
HAPPY NEW YEAR! LOOK OUT FOR NO.!
MORTGAGES
HEREAFTER THE ADDITION OF $ 54,000,000. PER YEAR TO THE VOLUME OF MONEY IS DISCONTINUED
"PRODUCERS ARE COMPELLED TO SELL AT PRICES BELOW THE ORDINARY COST OF RAISING CROPS" R.G. DUN & Co.
PRICE LEVEL MAR. 4, 1893.
PRICE LEVEL NOV. 93.
LAW
PRICE LEVEL JAN. 1 1895

NEW YEARS 1895—FOURTEEN MONTHS AFTER UNCONDITIONAL REPEAL.

the source from whence their injuries came THERE MIGHT HAVE BEEN A REIGN OF TERROR SIMILAR TO THAT WHICH OCCURRED IN THE FRENCH REVOLUTION. IS IT NOT TIME FOR THE MONEYED INTERESTS TO STOP THEIR "LEGALIZED ROBBERIES" AND COME OUT AND HELP ESTABLISH A STABLE MEASURE OF PRICES? In this election of 1896 there is an opportunity offered for a solution of this question *by the ballot.* If the verdict is *a continuance* of the appreciating gold standard the next great panic will probably witness **a revolution and rivers of blood.** Injustice, when it cannot be righted by Peaceable Means, is righted through the use of Physical Force—"the court of last resort"—**or the injustice is continued and civilization retrogrades unless the injury is more than offset by favorable conditions.** The Roman Empire was dissolved *through the deteriorating forces more than offsetting the favorable conditions;* during the last two hundred years of this Empire the general prices of commodities *fell about 75 per cent.* The first French Revolution occurred *after 7 years of falls in general prices,* and the second one after *a less number of such years.*

The Great Political Question.

The great question which now confronts the people of the gold price countries is the Question of Stability in the Measure of Prices. On the one side are the moneyed interests *trying to "shove up" the exchange value of money,* and on the other side are the interests other-than-moneyed *trying to maintain stability in the exchange value of money.* The moneyed interests *deny,* of course, *that they are attempting to do this,* **but the facts of history**—THE 100 PER CENT INCREASE IN THE VALUE OF MONEY—PROVES THAT THE LEGISLATION WHICH THEY HAVE WORKED FOR AND SECURED HAS DONE IT. By the cries of "honest money" they deceived millions of voters—while robbing the people they have distracted their attention by crying "honest money." It is an old trick for thieves to escape by crying "stop thief!" The people who take up the cry *are fooled,* **just as are the rank and file who cry out and work for gold prices, or international agreement as a prerequisite to bimetallic prices.**

The history of *the results* of the monetary legislation secured by the moneyed classes is "the writing on the wall" *which coudemns them.* Most of the reasons *given to the public* for the enactment of these laws were false—whether they were lies or unintentional misstatements of facts is a matter not demonstrable, but *as to the Leaders, it is not likely that they attained their positions through being "fools."*

How Will You Vote?

In determining the monetary question in the election of 1896, the **party names** *which were used in the past* **must not be allowed to**

influence your vote: It is the question at issue NOW **which should determine it.** Most of us have attachments for the party name under which we have been enrolled, but we must remember that in the past the Democratic and the Republican parties, in the selection of candidates for President and Vice-President, have, *unknown to us,* **been dominated by the moneyed interests, except in 1880 and 1884, and then they re-secured their selfish ends by defeating each time the one who advocated Stable Prices—Stable Money.**

In 1884 they defeated that superb statesman James G. Blaine (page 434 above), and elected Grover Cleveland President of the United States—*a man pledged to the moneyed interests,* **see history of his foregoing and subsequent acts.** In 1896 the moneyed interests are moving heaven and earth to elect Napoleon McKinley—**a man pledged to defeat rising prices.** It makes Lincoln Republicans and Blaine Republicans shudder to think that the party which freed the slave and saved the Union *is now captured by "the tories of '62," and that* **its great name is now leveled against the rights of** ALL **men** EXCEPT THE FEW WHO OWN THE WEALTH OF THE WORLD: BY THE MAGIC OF OLD PARTY ASSOCIATIONS THE UNSCRUPULOUS MONEYED INTERESTS ARE TRYING TO DRAW THE VOTES OF "THE OLD GUARD" OF LINCOLN AND OF BLAINE. But as the first gun at Fort Sumter united the Unionists on one side and the dis-Unionists on the other, so are the guns of the political campaign of 1896 grouping together on one side the patriots opposed to an increasing measure of value, and on the other side those bent on loot and booty through continuing in existence a shifting measure of value. As to which side will succeed we must bear in mind that during the past twenty years the measure of value *has been doubled,* but as Napoleon met his Waterloo and was banished to a lone rock in the ocean, so, we hope, will the Napoleons of Finance meet their Waterloo this year and be banished from the White House and the Halls of Congress. To accomplish this, however, each man and woman must fight the foe with as great energy as was displayed by the Unionists during the 60's and by our more early forefathers of '76.

In this fight, the old-time lines which have divided the parties have disappeared. The spirits of Jefferson and Lincoln, Jackson and Blaine, Clay, Webster and Calhoun, **all stand shoulder to shoulder against an appreciating measure of value. Questions of honesty bring all these patriots together** (see pages 24, 25, above). In the words of Blaine, "There are questions about which parties should agree never to disagree, and of these, is the essential nature *and value* of the circulating medium." In 1815 Jefferson wrote, "We are undone, my dear sir," if legislation is still permitted "which makes our money much or little, real or imaginary," as the moneyed interests shall choose to make it. And about twenty years later Andrew Jackson in his veto of the National Bank bill, said:

"It is to be regretted that the rich and powerful too often bend the acts of Government to their selfish purposes." For over 20 years the moneyed interests have been triumphant through the control of the teachings in many schools and universities, and through the control of a large part of the press, but let us remember that we still have Free Speech, a Free Press, and the Principles of Truth for which stood our great leaders in the past. The time has come when through speech and the press these Principles *must be used* just as Douglas used the silver casket which held the heart of Robert Bruce: when the brave little band of Scots was driven back and surrounded by a multitude of the Saracens and it seemed that the day was lost and the infidel host must triumph, Douglas, rising in his stirrups and taking the casket by its chain swung it over his head that the eyè of every Scot might see, threw it into the farthest midst of the Moslem horde, exclaiming, "Pass on as thou wert wont; I follow or die!" Ah, the heart of Bruce! Little recked the Scotsman then the Moslem spear and scimeter. No horde of infidels could stay the onslaught of that devoted band. In its silver casket in Melrose Abbey reposes the heart of Bruce which was again won by Scottish valor. Saracens, Moslems, and infidels to-day encompass the champions of a Stable Measure of Prices, but wherever the Truths as set forth in the teachings of Jefferson, Jackson, and Blaine are thrown into the ranks of the opposition, the devoted followers of these Heroes will follow and fearlessly help to expose the sophisms of the leaders of the opposing hordes, and so strike from the minds of the misguided the shackles of Untruth riveted by the moneyed interests, and the redeemed will turn and with the invincible spirit such only as is displayed by freed men, help to drive the enemy from the Halls of Congress and the Chambers of the White House.

The substance of the last half of the above paragraph was uttered by the valiant Joseph C. Sibley on the floor of the House, January 8, 1895.

We will proceed with the Evidence in the case of the Moneyed Interests versus the Interests Other-Than-Moneyed. It is to be remembered that the evidence last quoted was the Fall in General Prices up to and including January, '95. We will now go back about one month to the time of the reassembling of Congress. At this time the moneyed interests raised the curtain on the Second Act in the great conspiracy of 1893. This was, namely, a battle for **a further contraction** in the volume of money **through the extinction of the Greenback.**

U. *THE SECOND ACT IN THE GREAT CONSPIRACY OF 1893, NAMELY, THE BATTLE FOR FURTHER CONTRACTION THROUGH THE DESTRUCTION OF THE GREENBACKS.*

1. *Inception of the Conspiracy.*

At the Conference in New York between the Great Money-Loaners and Secretary of the Treasury Carlisle, April 27, '93, they are reported to have said: "Beginning with a repeal of the silver purchase act a thorough revision of the currency laws would be a good thing." From the standpoint of the Bankers, this meant, of course, that the Government should retire the 346 million dollars of Greenbacks (paper money—currency) **and that they should issue whatever paper money should be used, thereby receiving the interest and what is of far more importance** CONTROLLING ABSOLUTELY ITS VOLUME.[1]

2. *Past History of the Democratic and Republican Parties.*

These 346 million dollars of greenbacks had been kept in circulation by the Republican party when in power and by the Democratic party when in power, in fact, **both parties had steadily refused to grant to the bankers any concessions whereby they should issue any more paper money,** but on the contrary they saw the circulation of bank notes steadily decreasing and *they made no provision whereby the quantity would be kept from decreasing.*[2] **Up to the autumn of 1894** the strife between those interested in an appreciating money on the one hand and the producers of the country on the other had been so balanced since the discovery of the demonetization of silver in 1873 that **no assault of any consequence against the greenbacks had been able to gather much headway.** But during 1892 such an ungodly set of men were elected to Congress that the silver purchase law was repealed unconditionally and with this "crew" the moneyed classes set out to further their own interests still more by retiring the greenbacks and giving to themselves the control of the volume of paper and its use.

[1] It is to be borne in mind that *increasing the quantity* of money *raises prices*, provided other conditions remain the same, and that *decreasing the quantity* of money *lowers prices*, other conditions remaining the same. (Same effect p. 12 above.) **The effect of giving a few private individuals in the United States the control of the issuance of paper money is to give them control over the exchange value of money (general prices), except as general prices are affected by the inflow of money metals from abroad and the outflow of such metals.**

[2] The Comptroller of the Currency in

3. *The Distinction Between Greenbacks and Partly-Standard Silver Money.*

A point in favor of the money power in their attempt to destroy the $346,000,000 of greenbacks was the unfortunate experience which the country had had with **silver money floated as partly-credit money**, i. e., 50 to 60 cents' worth of silver bullion with the balance as credit only. The effect on this money of a disappearance of the gold reserve would be, it was said, that **it would drop at once to its bullion value.** On the other hand, were this money *entirely a credit money* (paper money) it would, in case the gold reserve should disappear, retain practically the same exchange value as the gold money, unless the government should afterward issue it in such quantities as to drive practically all the gold abroad. Same effect page 158 above.

As I was saying, the people had had a sad experience with this partly-credit money, and in 1894 there was $513,174,338 of this kind of money in the United States. Therefore, when the gold reserve should begin to go down, the thing feared was that we were *going to a silver basis*, and manifestly

The Sensible Remedy,

the thing to be done in case the gold standard of prices was retained, was to put a gold dollar's worth of silver bullion in each silver dollar, or, what is the same but more practicable, make each dollar of silver certificates exchangeable for enough silver bullion to equal the exchange value of one gold dollar. **To have done this, however, would have surely defeated all possibility of retiring the greenbacks,** for then the supposed danger of sliding to a silver basis *would not* have been present, and *there would have been no danger from the $346,000,000 of greenbacks even if the entire gold reserve should disappear;* see above.

What did the moneyed interests do?

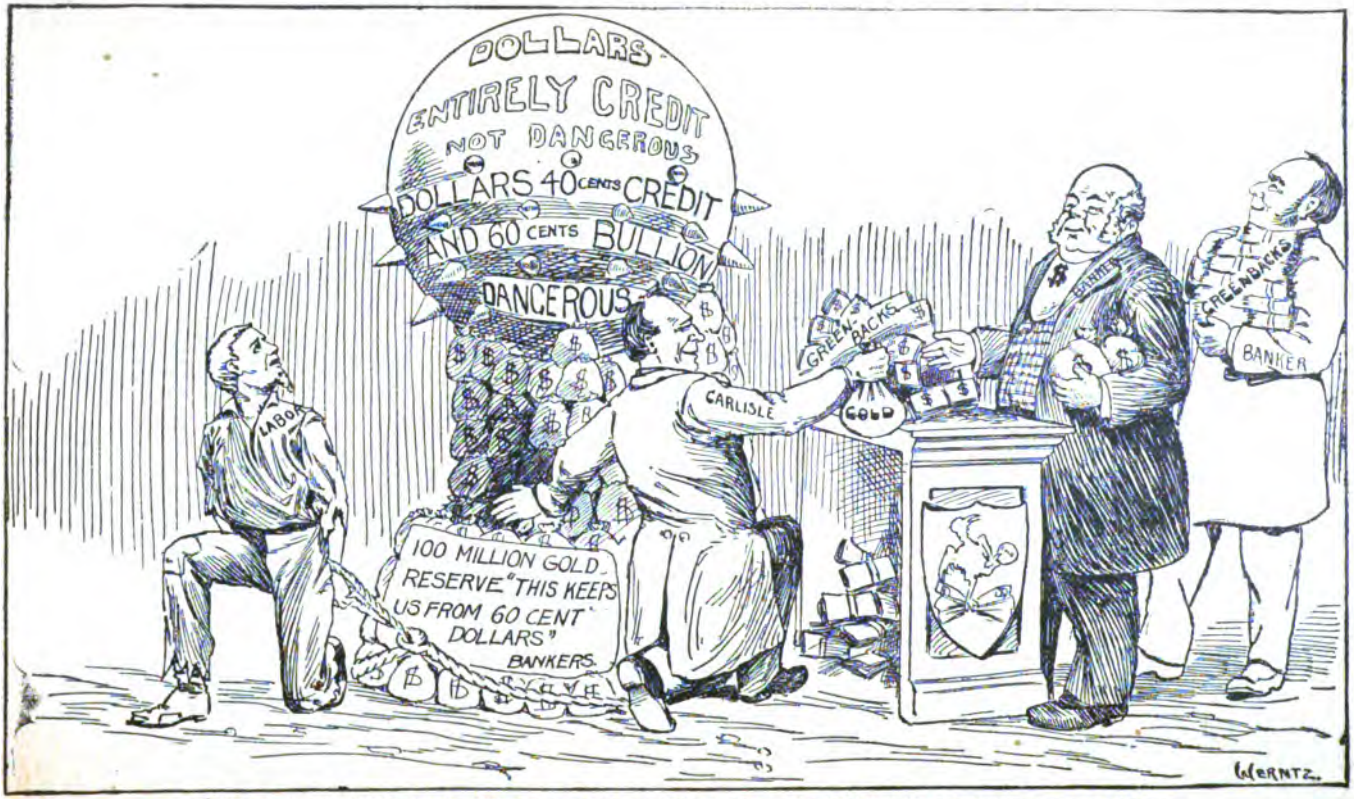
4. *Danger from Partly-Credit Silver Money Concealed.*

They left the partly-credit silver money **hanging over the business of the country** and formulated a bill *to retire the greenbacks, and* **by sophistry attempted to make the people believe that it was** THE GREENBACKS **that were responsible for the financial distrust which arose when the gold reserve was drawn down.**[1] (See illustration, next page.)

his report for 1890 said (p. 81): "The indisposition of Congress **to consider pending measures providing for increased issues of national bank notes, is considered equivalent to a declaration that Government notes in some form are to supply henceforth the increased demand for paper circulation.**"

[1] **Proof.**

In the words of Secretary of the Treasury Carlisle: "My contention is that the [Government] notes [greenbacks] ought not to be kept outstand-



ATTEMPT TO CONCEAL THE DANGER FROM THE PARTLY-CREDIT SILVER MONEY.

SECRETARY OF TREASURY CARLISLE says: "There can be no financial repose in this country as long as these GREENBACKS continue a part of our Currency

Will this mounte-bankism succeed? Can't the people see that the danger to the country is in floating **on a gold basis** silver money with only 50 or 60 gold cents' worth of bullion and the balance credit? The purely credit money—the greenbacks—being redeemable *in the same gold as is the partly-credit silver money*, **greenbacks are used to pull out the gold, which keeps the silver money from dropping to its bullion value.** The greenbacks **are simply the instrument used to make the partly-credit silver money totter and appear to be ready to fall to its bullion value and bring harm to the country** so long as there is no free coinage of silver. In short, THE CAUSE OF HARM IS THE PARTLY-CREDIT SILVER MONEY WITH NO FREE COINAGE LAW, AND THE INSTRUMENT WHEREBY THE AVALANCHE IS

ing, but should be retired and canceled as speedily as the sound and safe currency can be provided to take their places. There can be *no financial repose in this country as long as* **these notes** *continue a part of our currency* [reader, note that no mention is made of silver money with 50 to 60 cents of bullion and the rest credit], because the fact that they exist compels the Government to provide a large gold reserve, which, in the very nature of things, cannot be permanently maintained by any fixed amount; and *whenever it begins to diminish* **distrust and apprehension arise in the public mind, values unsettled, business is disturbed, and more or less loss is entailed upon the people.** The losses already sustained on this account are almost beyond computation, and there is no good reason to believe that the country can escape further injury in the future if the policy of the Government is unchanged in this respect. The fact that the soundness of our currency depends, or is supposed to depend, upon the maintenance of a certain fixed reserve in the treasury, which keeps the business of the country in a constant state of agitation and alarm, is from every point of view detrimental to the interests of the people.

"My only purpose now is to assist in directing public opinion to the subject, and to express the decided opinion that *this element of weakness* must be eliminated from our system before we can have any positive assurance of permanent safety. [Note that no mention is made of silver money with 50 or 60 cents of bullion and the rest credit.] *After the experience of the last three years it seems almost incredible that a proposition to retire* **these notes** *should encounter opposition*, though there is, of course, room for wide differences of opinion as to the manner in which it shall be accomplished and as to the character of the currency that shall be substituted for them."

(Speech at Massachusetts Reform Club Banquet, Boston, October 12, 1895; in 1895 the status of affairs as to financial legislation was practically the same as in 1894.)

December 20, 1895, the cry was raised in London that "The United States are going *to a silver basis.*" (Chicago Times-Herald, December 21.) Through this bugaboo and a sharp contraction of credits in the United States, Wall Street was thrown into a panic. At this time the Secretary of the Treasury—Mr. Carlisle—again said: "I am satisfied that there is but one permanent remedy for our financial embarrassment and that is legislation providing *for the retirement and cancellation of the legal tender notes* [greenbacks and treasury notes]." This is treason to the truth and to the people of the United States.

LIABLE TO BE SET IN MOTION IS THE GREENBACK. NOW REMOVE THE AVALANCHE AND ALL DANGER FROM THE GREENBACK IS OVER; remove the avalanche of partly-credit silver money and the 346,000,000 dollars of greenbacks will not harm the country should all the gold reserve disappear, for they will not fall below gold more than 1 per cent, if at all.

5. *Concealment of Depletion of the Gold Reserve to Pay Running Expenses.*

Furthermore: The paper money received *in exchange for gold drawn from the government's gold reserve* during 1894 and '95 **was, by order of the Chief Executive of the United States, used to pay the current expenses of the government, in so far as the revenues were deficient,** AND HE ATTEMPTED TO CONCEAL THIS DEFICIENCY IN THE REVENUES AND BLAME THE GREENBACKS FOR THE DEPLETION OF THE GOLD RESERVE.[1] Manifestly, to *practically draw on the gold reserve for the current expenses of the government* **and then point to the diminishment of this reserve and the consequent depression on business,** OWING TO THE FEAR OF FALLING TO THE SILVER BASIS, AS BEING CAUSED BY THE GREENBACKS—the **purely** credit money—*is demagogism of the worst sort, and needs only to be pointed out to fill the mind of the honest citizen with loathing and contempt for such vile*

[1] **Proof.**

The Wilson tariff law resulted in large deficiencies nearly every month after it went into operation. On this point Mr. Gorman of Maryland (Dem.) on the floor of the Senate, January 31, 1895, said: "One year before President Harrison left the Executive Chair it was impossible for the Treasury to meet the demands of the Government. There was no encroachment upon the Reserve Fund, it is true. * * * A majority of Congress refused in the last session, as the majority did in the last Congress during which the Republican party had control in the legislative department, to recognize the fact that the Treasury was in this condition. Legislation providing for revenue was put in a bill [the Wilson tariff bill] which is now a law. It will be ample with a surplus after 1896, but no provision has been made by Congress for the condition of affairs which existed when we came into power. We inherited it; it was an awful load. That we have not met it frankly by making temporary provision for taxes during this year is a misfortune. *It has been met in part by the sale of $100,000,000 of bonds* [February and November, 1894] *producing $118,000,000 in our currency.* **Every dollar has been used in the end to pay the current expenses of the Government, save a small amount that may now be in the Treasury,** and the Treasury stands not only with the obligations which were brought down and which the Secretary, although not responsible for, has to carry, but it stands there with more than that against it. It stands with appropriations made by Congress which are demands upon the Treasury amounting to a sum $100,000,000 greater than the money in the Treasury." (Cong. Record, p. 1582, 3d Session, 53d Congress.)

These remarks were made by Senator

trickery. As to how this deceit has been thus far accomplished it is now perfectly plain: The fact that few people now realize that the gold reserve has been drawn upon to supply the deficiencies under the Wilson Tariff law and so have *misconstrued* to a considerable extent the Cause of the depletion of the gold reserve shows that a shrewd, far-sighted financier would, *at the time the new tariff law was being enacted,* have seen that a deficiency in the revenue would help produce a condition of affairs which would assist a sophist in securing the retirement of the greenbacks. We know that the money power have among them the shrewdest, farthest-sighted financiers in the world, and **there is but little question that the influence of the moneyed interests was exerted to secure a deficient revenue to the government.** We **know** that *after the deficiency occurred,* the money power through their "tools" refused to separate the gold reserve from the other treasury functions; all bills introduced in Congress for this purpose were defeated. Furthermore, the bills to raise additional revenues by taxation and bond issue were defeated (Congressional Record 53rd Congress, 3rd session, p. 1582). *All the evidence points to the moneyed interests as conspiring to produce* **just what has occurred,** namely, the payment of a portion of the running expenses of the government out of the paper money received in exchange for gold coins. They did this with a view of working up a sentiment antagonistic to the Greenback—the *instrument* used to draw down the reserve. See illustration next page.

6. *How the Gold Reserve was "Worked."*

The gold secured through the issuance of bonds under the law of 1875, *to maintain specie payments,* was not, of course, to be used by the

Gorman about the time of the adoption by the Senate of a resolution calling upon the Secretary of the Treasury to lay before them the facts concerning the use of the greenbacks received in exchange for gold purchased by the two issues of bonds. The Secretary of the Treasury replied to the Senate. Then Senator Gorman said:

"The Senator has asked the Secretary of the Treasury in various resolutions whether or not the revenues of the Government are equal to the expenditures; whether in fact it is necessary to give him further authority to meet the appropriations made by Congress. The Secretary has answered those inquiries. I am bound to say, sir, that the form of the answers that have been made *is on its face somewhat misleading* [as were also the President's Messages to Congress, Dec. and Jan.], and that **those unfamiliar with the condition of affairs in the treasury might draw the conclusion that** THERE IS A SUFFICIENT AMOUNT ALREADY PROVIDED TO MEET THE DEMANDS ON THE TREASURY. But I will try to give the Senate the exact condition of the treasury." And he shows that up to December 31, 1894, the expenditures of the Government were "all of the $89,993,104.20 on hand July 1, 1890, **and $56,816,119.83 more,** EVERY DOLLAR OF WHICH WAS FROM THE PROCEEDS OF THE SALE OF BONDS."

AN ATTEMPT TO CONCEAL THE DEFICIENCIES IN THE REVENUES.

SENATOR GORMAN (DEMOCRAT) says: "The report of the Secretary of the Treasury is on its face somewhat misleading, as was also the President's message to Congress, and those unfamiliar with the condition of affairs in the Treasury might draw the Conclusion that there is a sufficient amount of revenue already provided to meet the demands of the Treasury."

executive officers of the government to meet *deficiencies in the revenues*,—pay the running expenses of the government,—but the paper money when received in exchange for gold coins **must**, the law provides, **be reissued.** There being a deficient revenue in 1894 and '95, the government received money to supply this deficiency *through bankers, so conducting business that greenbacks* **were presented for gold, thus supplying the government with greenbacks**—A MONEY WHICH IT WAS OBLIGED TO PUT INTO CIRCULATION.

A third principal sophism adopted in the war for the extinction of the greenback was that:

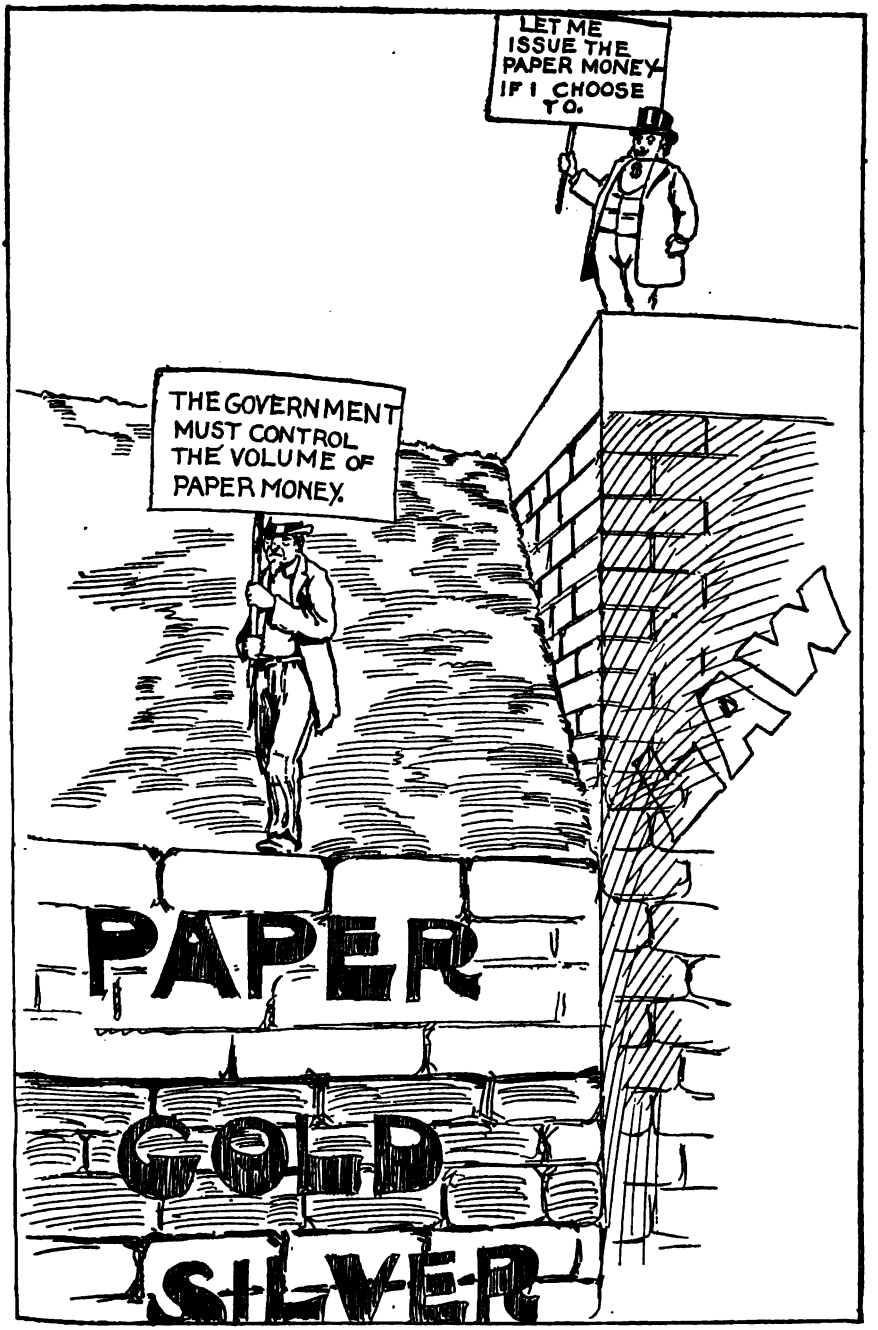
7. ***"The Government should go out of the Banking Business."***

Here the assumption is that the issuance of paper money is not a proper function for the government to engage in. Let us consider the facts:

The quantity of paper money in the countries having gold in circulation **is 28 per cent of the total volume of money in these countries.**[1] Now, it is manifest that should this paper money *be dropped out of the circulation, it would* **lower** *general prices.* On the other hand, should this volume of paper money *be increased*, it would **raise** general prices in all these gold-using countries, provided, of course, that other conditions remained the same. It follows that **as the government should keep the measure of prices stable,** IT SHOULD STRICTLY CONTROL THE VOLUME OF PAPER MONEY. Everyone agrees that the government should provide stable measures of weight, length, and cubical dimensions; that it should protect its citizens in their property and personal rights, and this means, among other things, that the obligation of contracts should be maintained inviolate. If these are proper functions for the people to perform in their collective capacity through their representatives, then it is a proper function of the government to provide that the measure of prices **shall be stable.** To permit the measure of prices to fluctuate *unnecessarily* is *to take the property of one class of citizens and transfer it to others without anything being given in exchange.* Furthermore, all falls in general prices *tend to destroy production and distribution and thus disorganize society.*

We will put the same thing in another way: To give over to *one class of citizens* **the control of the measure of prices** IS TO INVITE THEM TO OPPRESS THE OTHER CITIZENS OF THE STATE. (See illustration, opposite page.) That the moneyed interests have oppressed the interests other-than-moneyed is **evidenced by history: From 1873 to 1896 general gold prices have nearly halved** when compared with the average of the 11 years 1867-77. Not only this, but during these 23 years the moneyed interests have three three times issued paper money

[1] The World's Currencies, Reform Club, Publishers.



WHO SHALL CONTROL THE VOLUME OF PAPER MONEY?

and "hard" money in great quantities so as to produce a rise in general prices, for the purpose of influencing legislation, and each time, *many of them knew in advance what was to happen* and so were able to change their money and credits *for property and so receive the rise and then when contraction in the volume of money was about to take place they exchanged their property for money and credits and thus received the rise in the exchange value of money* (page 580 below.) Furthermore, through the moneyed interests providing the country with legislation which yields an *inelastic* supply of money, panics have occurred, for example those of 1873, '89, '90 and '93. In each case *the fall in prices was very great* **and the moneyed interests "fattened" on the general devastation just as vultures fatten most when deaths are greatest.** Nor is this the worst, for through the control of the supplies of new money **the moneyed interests have been able to** FORCE **the people to legislate in accordance with their wishes:** in 1893 the moneyed interests "refused to the West and South the needed 'blood' of industry and prosperity sank into the dust until the unconditional repeal of the silver purchase law was assured," (page 512, above).

Fellow citizens, the time has come when THE BANKS AND THE OTHER MONEYED INTERESTS MUST GO OUT OF THE GOVERNING BUSINESS! In the words of Andrew Jackson: "If **Congress** has the right *under the Constitution* to issue paper money, it was given to them to be used by themselves, **not to be delegated to individuals or corporations."** Professor Jevons, the noted English authority on finance, writing in 1875, said: "We ought to talk *of coining bank notes* as John Law did;[1] for though the design is impressed on paper instead of metal, the function of the note is exactly the same as that of a representative token. * * * As almost everyone has long agreed to place the coinage of money in the hands of the executive government, so I believe that **the issue of paper representative money should** continue to **be practically in the hands of the government or its agents acting under** THE STRICTEST LEGISLATIVE CONTROL. M. Wolowski, in his admirable works on banking, has maintained that the issue of notes *is a function distinct from the ordinary operations of a banker*, and Mr. Gladstone has allowed that **the distinction is a wholesome and vital one."** [2]

In Germany and England.

In the German Empire the Imperial Bank has the right to coin

[1] **Coining Paper Money.**

John Sherman in a speech in the Senate said: "We have the power 'to coin money and to regulate the value thereof.' **We have coined money in the form of paper money and certainly** the power of Congress in this respect ought not to be delegated to any single officer." (Recollections of Sherman, p. 434; see also pp. 435, 381, 383.)

[2] Money and the Mechanism of Exchange, p. 318.

paper money "*not backed by gold* to the aggregate sum of 385 million marks. * * * The German legislature has also provided that *more bank notes may be issued* **provided that a tax of 5 per cent be paid thereon.** * * * This makes the limit of issue elastic in all cases so as *to avoid the danger of a panic.*" Under the English Bank Charter act there is no provision for an elastic volume of paper money and the act "has on several occasions *been violated to prevent a panic.* * * * The English government, however, *has always deprived the Bank of England of the interest on any excess of notes which it issued during a suspension of the Bank act.*"[1]

Reader, compare these so-called monarchical governments with the system of finance in vogue in the United States.

In the United States.

In Germany and England the *people* receive the interest on any excess of paper money issued by the banks, *while here the moneyed interests control our legislation,* **and as a result the bankers pocket the interest on the excess of paper money which they issue in times of panic;** for example, in 1893 clearing-house certificates to the amount of 63 million dollars were issued, the clearing-house charging the bankers rates varying "from 6 to 7.3 per cent."[2] But instead of distributing this interest to the people, the clearing-house divided it among *its* members. **Not only did the bankers issue money to themselves and pocket the interest,** BUT THE PEOPLE HAD NO OTHER WAY OF SECURING NEW SUPPLIES OF MONEY. The result was that the commerce of the West and South was "strangled" until the repeal of the silver purchase law was an assured fact.

Money in the form of clearing-house certificates was issued also in 1890, 1884 and in 1873, *and the interest diverted to the use of those who issued the money.* **Since 1873 the power of the moneyed interests in politics has been such that no law has been passed providing for an elastic volume of money.** IS IT NOT HIGH TIME THAT THE BANKERS AND THE OTHER MONEYED INTERESTS SHOULD GO OUT OF THE GOVERNING BUSINESS?

Let there be enacted a law which shall furnish AN ELASTIC VOLUME OF MONEY DIRECT TO THE PEOPLE WITH THE INTEREST PAID INTO THE GENERAL TREASURY. The outlines of such a law are set forth at page 514 above.

In the foregoing provisions of the English and German laws above mentioned, we saw that the *people* of those countries through their

[1] Money and the Mechanism of Exchange, Jevons, p. 226.

[2] Report of the Comptroller of the Currency for 1893, p. 16.

representatives control the issuance of paper money. Now read what the "hired man" says of *the people of the United States:*

8. *"People Unfit to Govern."*

J. Laurence Laughlin, "Head Professor of Political Economy in the University of Chicago," in a debate before the Sunset Club of Chicago, December 6, 1894, said: "The government should not issue notes [paper money] for many reasons," among which is this: "Because it puts *the government* [i. e., the people, through their representatives] *in the dangerous position of influencing and controlling prices and the money market.* In short, this means that **the people through their representatives are unft to govern.**

In the opening portion of his address Laughlin made this remark: "It is not often that a poor professor is called to sit down at a table between two bank presidents, and I thank you for the honor. In the old days of banking in England it used to be said that banking was all profit and not respectability. Now they say *it is no profit* and all respectability."

In connection with the sophisms which aim at the money interests controlling the volume of paper money are the sophisms by which the bankers try to cover up the fact that

(9.) For Every Dollar of Paper Money Issued by Individuals (Bankers) the State—the People—Loses the Interest on that Amount.

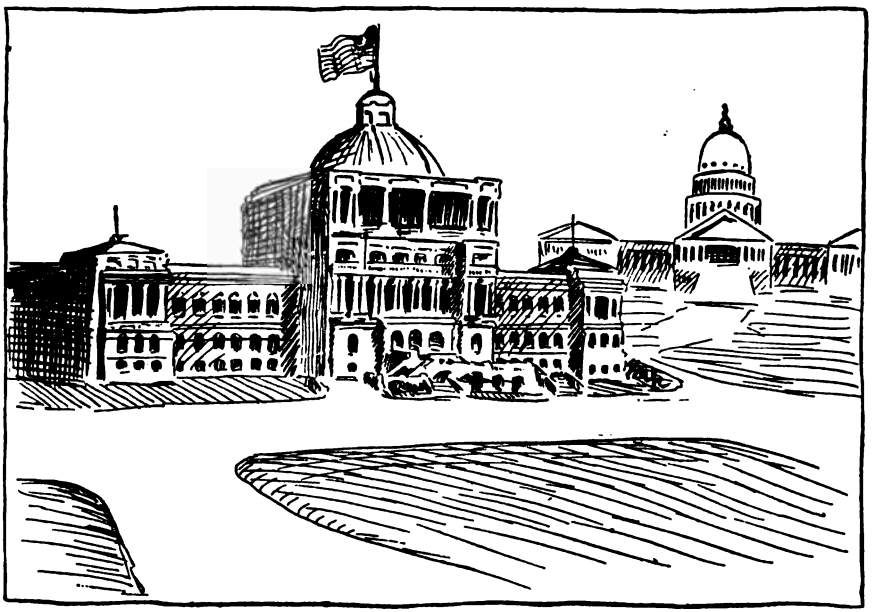
Where the medium of exchange—money—is made by placing the stamp on paper, it is manifest that the *material* which bears this insignia *is comparatively worthless.* But these dollars stamped on paper are, in trade in the United States, received as equivalents of dollars stamped on gold. Manifestly, then, **the issuing of money stamped on paper is a very valuable privilege.**[1]

The value of this privilege, aside from the important one of controlling the volume of money, is as follows:

(1.) There are the things received in exchange for the money *when it is put into circulation;* for example, when the government of the United States issued the 346 million dollars of greenbacks now in circulation it received in exchange, property to the value of 346 million dollars. The second fact is that *each year* the property received in exchange for

[1] Professor Jevons, in considering paper money, calls attention to the inconvenience of metallic money owing to its great weight, and he then says: "A further and very potent motive for employing representative tokens or notes [paper money] consists in **the saving of interest and capital which is effected by substituting a comparatively valueless material in place of costly gold and silver."** (Money and the Mechanism of Exchange, p. 203.)

the money yields (or should yield) *a benefit to the owner.* This benefit or profit is the equivalent of the interest which is usually paid for borrowed capital. In the case of the United States, had it not issued the paper money it would have had to issue bonds calling for interest. Should the 346 million dollars of paper money be retired by issuing bonds, and a like amount of paper money be issued by individuals through their banks, then **the people would each year be obliged to pay interest on 346 million dollars,** whereas at present there is no



WHO SHALL RECEIVE THE INTEREST?

The use of Greenbacks instead of Bank Money saves the people annually $11,000,000—more than enough to pay the running expenses of a great National University.

interest to pay except the interest on the 100 million dollars which is kept in the reserve. Part of this reserve is chargeable to the 152 million dollars of treasury notes issued in exchange for silver bullion. Charging the treasury notes with their proportion of the 100 million dollar reserve, and reckoning the saving of interest on the greenbacks at 4 per cent, **the annual saving to the people is 11 million dollars.** This annual saving to the people *would more than pay the running expenses of a great national university.* **In 30 years** it has amounted to 330 million dollars, which with interest compounded makes **a sum more than equal to our national debt.** Yet the bankers say that *they* should be granted the privilege of issuing this paper money. (See illustration, above.)

The sophisms by which the bankers attempt to conceal these facts from the people will some of them appear in the following pages.

The four arguments of the moneyed interests just set forth were the principal ones used in 1894 and '95 in their attempts to retire the greenbacks and they are the principal arguments used to-day. Let us now take up in *the order of time* the chief points which occurred in the battle for the extinction of the greenbacks during these two years.

10. *The Fall Elections of 1894.*

In the Autumn Elections of 1894 for Congressmen, the question of the retirement of the greenbacks was brought forward little if at all, but without doubt great efforts were made by the moneyed interests to have only such Congressmen nominated by the Republican and Democratic parties, and elected, as were in favor of the banks issuing and thus controlling the volume of paper money in the country.

The results of the November election were hardly made known before **active steps were taken to bring about a sentiment for the retirement of the paper money issued by the Government** and the placing in the hands of the bankers the power to issue the paper money of the country. One of the methods whereby a sentiment for the retirement of the greenbacks was brought about was through "working" the gold reserve and thus furnishing an Object Lesson to the people of the country and to Congress.

11. *Working the Gold Reserve—An Object Lesson.*

In October, '94, previous to the elections, the treasury reserve had been stationary at about 57 million dollars. Immediately after the elections *were passed* there were suggestions from many quarters that the Government issue more bonds to replenish the gold reserve, a 50 million dollar issue having been made during the preceding January. On November 13th a treasury circular was issued inviting proposals for another block of $50,000,000, ten-year, 5 per cent bonds.

Just previous to this time **a successful effort to increase the sentiment against greenbacks was effected by a few sales of gold in New York at a premium.**

The loan advertised was promptly secured and was "regarded as a great success, fully 487 bids being received." "On December 5th the gold reserve had been expanded to $111,142,021," **but very soon there were large withdrawals from the gold reserves by exchanging greenbacks.** Part of the gold was exported again **but a considerable part of that withdrawn was** "TO RETURN GOLD BORROWED WITH WHICH TO BUY THE BONDS."[1]

[1] Editor of Bradstreet in July Review of Reviews for 1894, p. 85.

Thus were the people and the Congressmen given an Object Lesson: **The gold reserve was openly raided for the purpose of repaying the gold borrowed to pay for the bonds.** It is true that if the money-eyed classes should choose to they could at any time draw out the gold coins as fast as issued to replenish the reserve, and then return the gold coins to the Government in payment for bonds, and again draw it out, but the paper coins turned into the treasury in exchange for the gold *would remain there unless paid out for the running expenses of the Government or in the purchase of bonds.* **This the President did not set forth in his annual message to Congress** (December 4th), wherein he argued for a law to retire the greenbacks as rapidly as redeemed. He said: "These obligations [greenbacks] when received and redeemed in gold [exchanged for gold] are not canceled, but *are reissued and made do duty many times by way of drawing gold from the treasury. Thus we have* **an endless chain** *in operation constantly, depleting the treasury's gold and never near a final rest.*

"As if this was not bad enough we have, by statutory declaration that it is the policy of the Government to maintain the parity between gold and silver, aided the force and momentum of this exhausting process, and added largely to the currency obligations claiming this peculiar gold redemption. Our small gold reserve is thus subject to drain from every side. * * * **As long,** therefore, **as no provision is made for the final redemption or the putting aside of the currency obligation** [greenbacks] **now used to repeatedly and constantly draw from the Government its gold,**" bonds will be issued "as often as it becomes necessary to maintain a sufficient gold reserve."

12. *What the President Omitted to Mention.*

The reader will observe that the Chief Executive advocates *the retirement of the greenbacks* as a means of promoting the business interests of the country, while **in fact it was the unfounded fear of dropping to a silver basis with no free coinage law in force which was causing the injury to business; furthermore, he failed to point out that the deficiencies in the revenues of the Government were being supplied from the gold reserve**—the reserve which was said to stand between the people and the silver basis, with no free coinage law in force. Besides omitting to mention these vital facts the President in his Message, after the words last quoted, said:

13. *"Divorcement of the Government from the Business of Banking."*

"Questions relating to our banks and currency are closely connected with the subject just referred to, and they also present some unsatisfactory features. Prominent among them are **the lack of elasticity**

in our currency circulation and its frequent concentration in financial centers when it is most needed in other parts of the country. **The absolute divorcement of the government from the business of banking is the ideal relationship of the currency of the country."**[1] "This condition cannot be immediately reached, but as a step in that direction and as a means of securing a more elastic currency and obviating other objections to the present arrangement of bank circulation the Secretary of the Treasury presents in his report a scheme *modifying present banking laws and providing for the issue of circulating notes by* **state banks free from taxation under certain limitations."**

The plan proposed by Secretary of the Treasury Carlisle (and of course agreed to by his principal, the President) was the "Baltimore Plan," put forth by the American Bankers' Association and modified by Mr. Carlisle in immaterial parts.

14. *The "Baltimore Plan" Modified in Immaterial Parts.*

It provided for the retirement of the $346,000,000 of people's paper money and *the issuance by them of a like amount of interest-bearing bonds*, and that **individuals through banks should issue the paper money in such quantities,** not to exceed a certain amount, **as would enable** THEMSELVES **to reap the greatest profit,** and besides all this, the money issued by these individuals **to be without paying to the people of the United States anything for the privilege** except an amount just sufficient to protect them against loss from bank failures.

We will next refer to Elasticity:

15. *Elasticity Wanted.*

The President in his message called attention to "the lack of elasticity in our currency circulation," and he gave the plan for a currency circulation proposed by the Secretary of the Treasury his "*unqualified endorsement.*" We would naturally suppose from this that the plan proposed by the Secretary would furnish an elastic currency, but such was not the case, for **it set up an "inelastic barrier of bank capital."** This fact was pointed out by Professor Laughlin in a debate at the Sunset Club of Chicago, December 6, 1894. He said: "Both these plans mentioned [the Baltimore plan and the plan presented by Secretary Carlisle] agree in *limiting the issuance of notes* [paper money] *to 50 or 75 per cent of the paid-up capital.*

[1] In the above sentence the President refers to the issuance of paper money (or as many choose to call it, "currency"—a term invented to mislead.) Now the issuance of money is an act of sovereignty of the greatest importance to those who constitute the sovereign power—the State—and *to attempt to hide the real fact by calling it "banking" is* **sophistry, pure and simple.**

"Now we have been complaining of the inelastic character of our 'greenbacks' as a reason for their retirement; but *in the new plans it is made impossible to issue more than a certain percentage of bank capital.* But bank capital *is not an elastic thing.* Indeed it has not changed greatly in years. * * * We see, therefore, that **the new scheme sets up an inelastic barrier of bank capital** and determines the amount of issues by taking a certain percentage of that inelastic capital. To this extent the new schemes, while to be approved in general, are defective.

"In all these plans we are really **aiming to prevent the difficulties experienced last summer [1893] when we resorted so largely to clearing-house certificates.**"

We shall next consider

16. *The Proceedings in the House and Senate.*

In the House the Currency Question was taken up almost at once. On December 10, 1894, the House Committee on Banking and Currency began a series of hearings upon this question. Secretary Carlisle presented his plans first, followed by Comptroller Eckles, and during the week a number of bankers and others prominent in financial circles appeared before the Committee. The Committee by a vote of 9 to 8 decided to report Secretary Carlisle's bill to the House *without change*, with a recommendation that it be considered in the House from Tuesday to Friday and then be brought to a vote.

It was reported December 17 and debated for several days. On December 19 Mr. Bland of Missouri proposed to substitute a bill providing for the free coinage of silver. The next day Mr. Springer of Illinois presented a substitute for the Carlisle bill which was approved by Secretary Carlisle and which more nearly followed the Baltimore Plan.

In the Senate little headway was being made against the greenback, "the free coinage sentiment being the chief source of opposition."[1]

The moneyed interests saw that something must be done if the greenbacks were to be retired and bankers further control the volume of money. What do you think they did? They again Attacked the Reserve through exchanging greenbacks for gold.

17. *The Attack on the Gold Reserve Renewed.*

It is thus described in a dispatch from Washington to the Chicago Inter Ocean: "The hundred million dollar gold reserve has again been invaded. * * * The bond issue of last month replenished the depleted

[1] Current History, Vol. 5, p. 37; conducted in the interests of those who favor the gold measure of prices and who are against the greenbacks.

reserve but **the reserve has been kept intact only eight days.** * * * This represents a net loss to the government in 8 days of $14,799,11[illegible] * * * **No one at the treasury department believes that the heavy drain is over."**

And subsequent events showed that the drain was not over, for **there was practically a steady withdrawal of gold from the treasury through the tendering of greenbacks for exchange, all through December and the first twenty-one days of January at the rate of about $1,150,000 per day, and for next 10 days an average per day of $3,000,000.**[1] The gold *was not withdrawn for export*, as of the 80 million dollars taken out by February 13, only 36 million dollars, or less than one-half, was exported, showing that nearly 43 million dollars *remained in the country.*[2] This in connection with the fact that the fight was for a law to retire the greenbacks *as fast as exchanged* shows very clearly the animus of these withdrawals.

We will now go back and show how the efforts to secure legislation were progressing. The proceedings in the House and Senate up to about the Holidays are stated above. After the Holidays the Administration forces in the House again took up the bill for the destruction of the greenback and forced the fighting.

18. *The Fight in Congress Forced.*

The debate was limited, though not unreasonably, but the opponents of the Administration were held strictly to the time awarded, **while those favorable to the moneyed interests were given unlimited time.**[3]

[1] This is taken from the statistics prepared by the Treasury Department at Washington to show the causes which led up to the sale of bonds in February, 1895.

[2] The individuals composing the New York Banking Fraternity took care that it should not be traced directly to their doors, as on February first the amount of gold held by them was 13 million dollars less than on the preceding December 1.

[3] Joseph C. Sibley, of Pennsylvania, in speaking January 8, was interrupted several times, especially by Mr. Outhwaite. To a question from Mr. Hall, of Missouri, the Chairman, said: "Does the gentleman from Pennsylvania yield to the gentleman from Missouri?

"Mr. Sibley. I will tell you, there is not a man who spoke in *the interest of the gold trust* who was not allowed *unlimited time to conclude his remarks.* I have been served with notice at the beginning of my remarks that **objection will be offered to any extension of my time,** and therefore—

"Mr. Pence. Let us test it right now. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania be permitted to conclude his remarks. Let us test it.

"The Chairman. The gentleman from Pennsylvania yields to the gentleman from Colorado to ask unanimous consent that the gentleman from Pennsylvania be allowed to conclude his remarks without interruption. Is there objection?

"Mr. Outhwaite [Democrat from Ohio

On January 9 Mr. Outhwaite (Democrat, Ohio) reported **a resolution from the Committee on Rules to limit the debate to five minutes per speaker** until 4:30 o'clock on the second succeeding day, and that immediately after the expiration of the morning hour of the next day the vote on pending amendments and the passing of the bill should be taken. The resolution was defeated, nay 130, yea 124. This result was regarded as **the practical defeat of the bill.**

We will now set forth

19. *The Business Situation.*

The effect of the Attack on the Gold Reserve and the possibility of the Retirement of the Greenbacks was to badly demoralize business. For the week ending Jan. 4, '95, the bank clearings were **4.6 per cent less than for the same week in the preceding year**—a time when about one-third of the workers of the country were out of employment and general prices were 13 per cent lower than they were nine months before. For the week ending Jan. 18, '95, Dun & Co. said: "**Business hesitates** much as it has done for months. Gold continues to go abroad, $5,550,000 having gone this week, and the general government's deficit of revenue is already over $9,500,000 for the month." And one week later the same agency reported that "the average for all commodities has again touched **the lowest price ever known. The number of hands out of employment does not decrease.**"

The bankers falsely claimed that the trouble was due to the possibility of falling to a silver basis through the entire withdrawal of the gold reserve and they did their best to bring pressure to bear upon the Congressmen and Senators for the passage of the bill to destroy the greenbacks. The extent of the War on the Greenbacks was thus set forth by the moneyed interests' press:

20. *The Extent of the Greenback War.*

"It is significant," says the St. Louis Globe Democrat (Rep.), "that nearly every currency reform 'plan' proposes as one of its features *the extinction of the greenback.* **No such crusade as the present one against this particular currency has been known since shortly after the war.** Evidently its days are numbered." The Philadelphia Record (Independent) says: "Should the House fail to arm the Treasury with the power to redeem *and cancel* the legal tender notes, it will disgracefully fail in its Democracy and in its duty." These statements were quoted in the Chicago Tribune of December 24th, '94.

and of the Committee on Rules]: To **that I Object.** (**Cries of "Ah!"**) "Mr. Sibley. Then I must decline interruption."

The 21st day of January marks an important era in this crusade for the extinction of the greenback. It will be remembered that on the 9th of January the modified Carlisle bill was practically defeated. Twelve days later, i. e., the 21st day of January, a third administration bill was introduced for the retirement of the greenbacks.

21. *Third Administration Bill.*

It was introduced by Mr. Warner of New York and provided simply for the cancellation and retirement of legal tender notes as exchanged.

From this time on (January 21) the money interests of the country grew more bitter in their attack on the people's paper money—money which had previously to this time been championed by both the Republican and Democratic parties.

22. *Moneyed Interests Fiercely Attack the Gold Reserve—Inaction of the Chief Executive.*

The very next day after Mr. Warner introduced in the House the third bill for the extinction of the greenbacks *the withdrawals of gold from the treasury greatly increased and continued to such an extent that* **"for the ten days ending February 1 the daily average withdrawals were in round numbers $3,000,000."**[1] On January 25th the amount of gold withdrawn from the treasury was over $7,000,000. Said a New York dispatch: "It is believed to be **the largest amount of gold ever withdrawn from the treasury in a single day.** This leaves the reserve at $56,782,858. But the amount of *gold coin* on hand **is only $12,912,280.**" "It is freely predicted that the country will be on a silver basis next Monday. $1,500,000 in gold was taken from the sub-treasury at a premium of ⅛ of 1 per cent, which amounts to $1,250 on a million. The names of the purchasers of these bars were not given. It is understood that several millions more will be purchased to-morrow. There seems to be no question among the leading banking houses with regard to the hoarding of gold. * * * **Bankers generally expect to see the coined gold now in the sub-treasury wiped out in a few hours and the result is awaited with apprehension.** Secretary Carlisle is generally blamed for the present condition."

The next day (Saturday) a telegram from Washington stated that "the President has been quoted recently that he was **indisposed to authorize another issue of bonds until it became certain that Congress would refuse to do anything."** On the following Monday the President sent a *special message to Congress on the Financial Situation*, **and during the day over $4,000,000 in gold were withdrawn from the treasury**

[1] Current History, Vol. 5, p. 40.

through the presentation of greenbacks, and we are informed by the editor of Bradstreet's Reports that DURING THE DAY "THE TREASURY WAS CONFRONTED BY THE PROSPECT OF AN ACTUAL CRISIS AND THE COUNTRY BY ANOTHER AND WORSE PANIC THAN THAT WHICH HAD JUST SUBSIDED [in '93].[1]

All the uncertainty and panic caused by this supposed near approach to the silver basis, with no law in force for the free coinage of silver, WAS CAUSED BY THE INACTION OF THE CHIEF EXECUTIVE OF THE GOVERNMENT, for had he issued more bonds, that which happened would not have occurred. In his oath of office he swore that he would uphold the laws of the United States. One of these laws was that of 1890, pledging the Government to maintain a parity between gold money and silver money, and the President was by the resumption act of 1875 empowered to issue *as many bonds as should be required to maintain the gold reserve.* Instead of keeping the reserve at a point where the business interests of the country would be protected, **he preferred to attempt to force a co-ordinate department of government to legislate in the interests of the moneyed classes. This use of power by the Chief Executive is** WHOLLY FOREIGN TO THE SPIRIT OF THE CONSTITUTION AND SUBVERSIVE TO A REPUBLICAN FORM OF GOVERNMENT. It was not a new thing however for President Cleveland to do this: He began attempting to force legislation on the silver question before he was sworn into office the first time (page 438 above) and he did the same thing again before he was sworn in to office the second time (see pages 502, 503, 506 above). And after he took his oath of office in 1893, history shows how he produced widespread fear of a "slump" to the silver basis, finally bringing on the great panic of 1893, and keeping it up until the silver purchase act was repealed. He escaped impeachment, and **fifteen months after the repeal of the silver purchase act we find that he has produced another panic.** *This time it is to lessen the quantity of paper money and at the same time stop the government from issuing paper money and giving this power over to the moneyed interests—private individuals.* **That President Cleveland had power to stop the depletion of the treasury at any time he should choose by issuing bonds is evidenced by the fact that when Congress refused to be forced** HE DID ISSUE BONDS AND THUS REPLENISHED THE TREASURY AND STOPPED THE PANIC.

The President's Special Message to Congress abounds in misleading statements, some of which are mentioned at page 564 above. Senator Vest of Missouri, a life-long Democrat, delivered a speech Jan. 30th exposing the President's duplicity and in closing said:

[1] July Review of Reviews, 1895.

U. *WHAT AILS US?*

"Mr. President, **what has destroyed confidence in this country?** We were told that it was **the purchase of silver under the Sherman act** *and we repealed it.* Did it bring back confidence? We were told that it was the absence of tariff legislation. **We passed a tariff act** which Republican Senators have complimented as so much better than any they expected that they were almost prepared to commend it. Did that bring confidence? We were told then by our Republican friends that the incubus, **the nightmare of Democratic supremacy, caused the want of confidence** in the country, and distinguished Republicans went through the West on a political tour, as they called it, proclaiming that the very instant the Republican party was put into power *every industry would spring to its feet like a giant refreshed*, and there would be nothing heard but hallelujahs and hosannas from one end of the country to the other. *The Democratic party was overwhelmingly defeated; the nightmare of Democratic supremacy disappeared;* **and we wait now anxiously and painfully for that era of prosperity which was so often promised to us in the last canvass.**

"Mr. President, I believe that the single gold standard is a system of oppression. **Gold has gone up more than 25 per cent in its purchasing power [in 2 years], and everything else, including silver, has gone down.** We are to-day upon a single gold standard, and what is the result? One chimera after another has been conjured up and has then disappeared as a cause for the adversity resting upon us.

The Outlook under the Falling Prices of the Gold Standard.

Just so long as we have this gold standard, **so long as the metallic base is narrowed to what it is to-day,** WE SHALL FIND THE SAME CONDITION AND WITH INCREASING FORCE FROM YEAR TO YEAR.

"Am I now, because I am a Democratic Senator, made a party to a system against which I am irrevocably opposed, because the President of the United States takes a different opinion in regard to this question? Am I to be made accessory to a financial system which I believe is for *the absolute oppression of the great mass of the people throughout the United States?* When through my whole public career **I have denounced that legislation which gave to national banks the power of issuing money prepared for them by the government and to be loaned to the people,** am I now to be made accessory to the perpetuity of that system?

"Sir, it is not pleasant to differ with the head of my party. I have for months remained silent so that it might not be said that I had added to the discord which has existed for so long in the great party of which

I am an humble member. **But we have come to the parting of the ways.** I will not go with the President of the United States in perpetuating the single gold standard and in fastening the national banking system as banks of circulation upon the people of the United States."[1]

January 30th nearly $4,000,000 gold was withdrawn from the Treasury. But **by February 1st, as it was plainly evident that the measure advocated by the Administration could not be forced through Congress, and as the moneyed interests still desired that the country should remain on a gold basis** THEY CHANGED THEIR TACTICS.

V. *MONEYED INTERESTS CHANGE THEIR WAR TACTICS.*

1. *Gold Reserve Built Up.*

Accordingly, withdrawals of gold from the reserve ceased to such an extent that the amounts of gold coin turned into the treasury in return for paper money *exceeded the outgo by $500,000.* Besides ceasing the attack on the gold reserve, the negotiations between the New York bankers and the President were conducted openly, *and the general public made to feel certain of another bond issue and the maintenance of the gold reserve.*[2]

A second necessary step on their part was to kill the sentiment for a return to the bimetallic standard of higher prices and the "good times" which always results from rising prices.

2. *Attempt to "Kill" the Sentiment for Bimetallism.*

The method pursued to accomplish this appears in the following paragraphs:

A contract for the issuance of bonds in exchange for gold was concluded February 8. The parties to the contract are thus described by the editor of Bradstreet: "It is probably **the greatest financial syndicate ever organized.** It is practically a blind pool with several hundred members in the United States and abroad [including the London and New York banking houses of Rothschilds] whose **total wealth is probably not less than $600,000,000.**"

This contract was a most peculiar one and has caused a great amount of bitter feeling.

3. *Another Attempt to Coerce the Legislative Department.*

The contract provided that unless Congress should authorize bonds payable, principal and interest, *in gold* the rate of interest should be 3¾ per cent for "coin" bonds; whereas for gold bonds the rate should be 3 per cent. **The difference in interest** for the thirty years the bonds

[1] Congressional Record, p. 1521, 3d Session, 53d Congress.

[2] This is shown by the Washington dispatches of February 1.

would have to run would be $16,000,000. **The last issue of "coin" bonds by the government had been at 2⅞ per cent,** and the issue was subscribed for nearly three times over. **From that time** (November of the previous year) **up to the time of this contract no distinction between coin bonds and gold bonds had been made in the markets.** In the words of the Outlook: "In the open market no discrimination against coin bonds has developed since the previous issues were made at less than 3 per cent;" and the editorial proceeds to give the market price of the leading coin bonds and gold bonds.[1]

This fact, together with the additional fact that the bond contract was awarded without inviting competition, caused an almost universal protest and it was freely proclaimed on all sides that it was **an attempt to force Congress to authorize gold bonds**—something it had never yet done. (If Congress should discriminate against silver it would of course render a return to the more stable prices of bimetallism more distant than ever.) The only way the 16 million dollars could be saved to the people was to **further bind them to the gold standard of low prices and depreciate the bonds already issued until Congress should be whipped into declaring that they should** ALL BE PAYABLE IN GOLD COIN.

The same day the contract was made President Cleveland sent a special message to Congress stating the contract and asking Congress to authorize the gold bonds.

In the House and Senate—The President's Action Compared.

A joint resolution embodying the recommendation of the President was introduced in the House February 13 by Mr. Wilson, of West Virginia, from the Committee on Ways and Means. The same day a joint resolution was introduced in the Senate by Senator Sherman authorizing the sale of gold bonds to maintain the reserve, and also providing for the issue of short-time certificates of indebtedness to meet deficiencies in the revenue. These resolutions were debated during the 13th and 14th. The President's action was fittingly characterized. Mr. Payne, of New York, said that the public was in *the position of a man whose goods were in the hands of thieves who demanded a ransom.* **The passage of this bill was the ransom necessary to recover for the public the 16 million dollars in the hands of the syndicate.**

Mr. Reed of Maine worked as usual for the gold standard of falling prices, *and, as had been his custom, omitted to mention the Ethics of the situation.* He closed the debate by simply saying: It has been asserted that we are at liberty to pay these bonds in something else besides the

[1] Issue of February 16, 1895, first page editorial.

equivalent of gold. "Whether we are or not, the fact remains that *urged by an inexorable law* [?] we have thus far paid in gold or its equivalent, and every man in this house *believes that we shall do so in the future.*"

In the House the resolution was voted down by 167 to 120. The final division was sectional rather than partisan, just as was the case with the bill of the week before to retire the greenbacks through the issuance of bonds.

The Vote---Where Do the Moneyed Interests Control Politics?

The East, with six exceptions, voted with the President. The South and West, with fifty-three exceptions, voted against it. The exceptions in the West and South were as a rule the representatives of the large cities. The Congressmen from Chicago, Indianapolis, Detroit, Minneapolis, St. Louis, Memphis, New Orleans, Galveston—in short, every considerable city except San Francisco—voted with the President both upon this money bill and its predecessor. In fact, a close analysis of the situation shows very clearly that **in the Great Cities all over the country the moneyed interests control politics, whereas in the Agricultural Districts the moneyed interests do not control them.**

Proof of the Moneyed Interests Bushwhacking Methods.

February 20 the bonds issued to the syndicate at 104½ were soon selling at 120, *thus demonstrating that the $16,000,000 discrimination in the contract was simply another of the bushwhacking methods pursued by the moneyed interests and* **assisted in by the Chief Executive of the United States Government**—a government *supposed* to be "of the people, by the people and for the people," but, alas! the patriotic Lincoln was succeeded by men who were put forward by the moneyed interests, and **in 1892 the man elected was one whose name will go down in history as a greater traitor to humanity than was Benedict Arnold. The lesson which the people should draw** is that they must be sure that the nominating conventions are not controlled by the moneyed interests; accept no man as the nominee unless his record as an enemy to an appreciating measure of exchange value is unquestionably such as mark him to be a man earnest in his convictions, whose honor is unpurchasable either by direct or indirect means. It is a slander on humanity, and therefore on God, to say that "every man has his price." *History is filled with innumerable instances of where men have held their honor above price.* **It is a fact, however, that there are men who value position above their honor, and therefore, who do the bidding of the moneyed classes where these interests control politics.** We must overcome the control of the moneyed interests in politics and then those who

have shown themselves to value honor above price can be put into positions of trust.

In the order of time, the next matter of importance occurred February 24th. At this time there began a conference of those who advocate a return to the more stable bimetallic standard.

W. AN INCREASE IN BIMETALLIC SENTIMENT.

It will be remembered that in the fight for the unconditional repeal of the silver purchase law which occurred during 1893 those favoring repeal of the law, *but unwilling upon treating silver the same as gold*, declared that ceasing to add 54,000,000 dollars annually to the volume of money in the gold standard countries, without making a provision for further additions to the currency *was practically confiscation*, and that should the unconditional repeal *be accomplished* there would by such action be "a parting of the ways" politically, and **in the future a conflict would be waged against the moneyed interests until there should be a return to a stable measure of prices.**

The silver purchase law *was repealed* unconditionally and the "confiscation" proceeded just as predicted; prices as a whole (general prices) continued to fall and by January 1st of the following year they were 13.4 per cent lower than they were for the same week of the preceding year (page 527 above). At the end of another year (January, '95) "Prices of commodities" were "at the lowest level ever known," the fall for the year having been 5 1-2 per cent (page 545 above).

Thus were the Predictions Fulfilled

of those who had lost in the battle of 1893. At the close of January, 1895, another battle had taken place between the moneyed interests and those who opposed them, and Senator Vest along with the others declared as many had done in 1893, that there had been reached "a parting of the ways."

And the country in general had, through the debates in Congress and through the press and publications opposed to the moneyed interests, **discovered that through legislation the exchange value of money had in the gold standard countries been practically doubled in twenty-two years.** THIS WAS PROOF POSITIVE THAT THE MONEYED INTERESTS HAD CONTROLLED MONETARY LEGISLATION.[1] The question was, How to repeal the class legislation which had been saddled upon the people of the United States. To attempt to solve this problem a Conference was called to meet at Washington, February 24, '95.

[1] This point is amplified below.

X. *THE AMERICAN BIMETALLIC PARTY FORMED.*

The conference lasted ten days and at its close one portion of its members organized a new party, naming it the American Bimetallic Party.

Fighting within the Democratic and Republican Parties.

The other portion determined to remain within the Democratic or the Republican party as the case might be, and there labor to secure the control of the party for the reëstablishment of bimetallism, **declaring, however, that in case they did not succeed they would not work nor vote with their respective parties.** In the words of the Democratic Mr. Bryan, of Nebraska: "If the single gold standard is adopted in the next Democratic National Convention I would die in my tracks before I would vote the ticket."[1]

Address of the Bimetallic Party.

The Address of the bimetallic party sets forth the uncontroverted fact that since the destruction of the bimetallic standard in 1873, prices of commodities as a whole have greatly fallen. The effect of falling prices is said to unjustly injure all producing and business interests and wrongfully increase the weight of debts. **"The continuance of the present policy must necessarily be attended by a further fall of prices."**

During the 22 years which these falling prices of the gold standard have existed, with only temporary rises, the Democratic party has controlled the National Administration 6 years, and the Republican party the other 16 years. As to the future **"there is no hope whatever that the Republican party, as a party, will change its policy.** There are no grounds for such a hope." "But," continues the address, **"we must in some way come together on this issue or the cause is lost and with it the independence of the people. * * * The continuance of the present policy** MUST NECESSARILY BE ATTENDED BY A FURTHER FALL OF PRICES."

Of course the grouping of the opponents of the appreciating gold standard into a party by themselves was

An Event of Tremendous Import.

From the time of the surreptitious demonetization of silver in the United States up to 1895 the control of both the Republican and Democratic parties on the money question has been dictated by the moneyed interests, except in 1880 when Gen. Hancock was nominated (page 404

[1] Speech at Jackson, Miss. This was placed in the manuscript at least six months before Mr. Bryan was nominated at Chicago and St. Louis.

above) and in 1884 when Blaine, the champion of bimetallism through independent action, was nominated (page 426 above). At the polls the moneyed interests in New York defeated Hancock in 1880 (page 405 above) and defeated Blaine in 1884 (page 434 above) **and thus their power had continued unbroken from 1873 to 1895.** The silver purchase law had been passed by the moneyed interests *to checkmate the demand for a return to the bimetallic standard of prices,* the leaders well knowing that to allow a bimetallic bill to go up to the President and receive a veto from him would have the effect of futher crystallizing the bimetallic sentiment and the putting of it forward in the next national campaign in such a way that it could not be side tracked. Thus the moneyed interests *had controlled the situation, politically, up to 1895.* **The formation, then, of the new party—the American Bimetallic party—was an event of great import.** The address of the new party was sent broadcast throughout the land and it awakened great enthusiasm.

Y. *BIMETALLIC SENTIMENT GROWS.*

This, together with the bimetallic literature (the most notable of which was "Coin's Financial School," and Archbishop Walsh on "Bimetallism and Monometallism"), **produced a great sentiment for a change from the falling prices of the gold standard to the more stable prices of the bimetallic standard.** To add to the flame there was a reawakening in Germany and England of the sentiment for a return to the bimetallic standard of prices.

Bimetallic Sentiment in Germany and England.

In both these countries the falling prices of the gold standard and the interruption of trade with silver standard countries had produced widespread disorganization and consequent non-employment of labor, together with bankruptcies and the unjust growth of wealth on the part of the moneyed interests. The people in these countries were stimulated into action by the hard times of the preceding years, by the fight in the American Congress for the continuance of the gold standard of prices and the further contraction of the money volume through the retirement of the greenbacks and the treasury notes issued for silver bullion. In these countries the agitation took the form of a demand for an International Conference for the securing of an agreement between the principal countries for the free coinage of silver the same as of gold. These agitators were able to make a considerable noise and to enlighten the minds of the general public as to the Real Cause of the Hard Times—the real cause of the existing distress at a time when the earth was providing bounteously. **The moneyed interests, however, had and now have such a "grip" on affairs in both these countries that the securing of**

bimetallic laws in Germany and England is practically hopeless; the conditions may become such that the general public *will no longer bear them,* but when such is the case the moneyed interests *will simply stop for a time the extension of the gold standard of prices to other countries and issue paper money for a brief space just as they did in 1879,* and in 1887, and thereby secure the temporary return of good times, with a dwindling of the bimetallic sentiment, *and then when this condition is secured they can go ahead with their "bleeding" process* **until the "animals" make so great a kick that the Napoleons of Finance must stop for a time and "feed them up."** In fact this **raising of prices by increasing the volume of money was practically the method pursued by the moneyed interests at that time** (the spring of 1895) **to kill the bimetallic sentiment in Europe and the United States.**

We will now point out one of the effects of the widespread agitation for a return to the bimetallic standard of prices at 16 to 1 and **a likelihood that such a result would be accomplished.**

Z. *THE RISE IN THE GOLD PRICE OF SILVER AND OTHER COMMODITIES.*

With the market prices of silver and gold *at 34 to 1,* and with gold alone admitted to the mints to be made into money, what would be the effect on the market price of silver should the United States or several gold price countries pass laws *giving unlimited coinage to silver and gold at the ratio of 16 to 1?*

Effect of Bimetallic Law at 16 to 1.

The effect would be that *silver only would flow into the mints and gold would flow out of the country until the market ratio of 16 to 1 should be reached.* **This changed demand from gold to silver would, of course, tend to raise the exchange value of silver and lower the exchange value of gold until the ratio of 16 to 1 should be reached.** The history of the price of silver as measured in gold **for March, '95,** is as follows: At the opening of the month, the gold price of silver bullion was 60½ cents per ounce. The price "steadily rose to 61⅜ on March 15, on which day silver bullion reappeared as a speculative feature of the New York exchange. Quotations on March 25 were 63⅜; and on Saturday, March 30, the price rose rapidly to 65¾. The quotation Monday, April 1, was 67¼ cents, and on that day about 300,000 ounces changed hands in the New York market."[1]

A cause of this rise, additional to the outlook for a return to the bimetallic standard, was the prospect of peace between Japan and China

[1] Current History, Vol. 5, p. 45.

and the possible demand for a large amount of silver to pay the indemnity. [1]

When there occurs an increased price for silver *as measured in gold*, there is by such occurrence an increase in the gold price of *products exported from the silver-using countries* (other conditions remaining the same). The price of wheat went from 56¾ gold cents February 21, to 60 on March 28. Cotton went from 5 1-16 gold cents a pound on March 1, to 5 11-16 on March 29. Nearly all other *commodities* (including labor) tend to increase in gold price *as the exchange value of gold lessens.* Financiers know this and the managers of the great railroad corporations when they saw the trend of events placed their orders *for extensive additions to their railway equipments* and thus they were able to make their contracts before much of the secondary rises had occurred.[2]

Financiers were warranted in looking for a rise in prices, for in addition to the rise in the gold price of silver, was the further fact that

Additional Causes of Rising Prices.

the principal gold brokers of Europe and the United States had, in the contract with the United States, agreed that not only should one-half the gold ($31,000,000) BE IMPORTED but they in effect FURTHER AGREED THAT NO GOLD SHOULD LEAVE THE UNITED STATES BEFORE OCTOBER 1st. At that time it was supposed that the inflow of money to move the crops would prevent any gold leaving the country before 1896.

Furthermore the bonds issued to the syndicate were of such a character that the national banks could well afford to deposit them for additional bank note circulation. Soon after the issuance of the bonds, the banks began to deposit them for additional circulation.[3]

Evidence of a Combination to Raise Prices.

That it was Secretly Understood by the principal brokers of Europe and the United States who composed the syndicate that there was to be throughout the gold price countries *a period of rising prices for commodities and other property* is evidenced by the fact that in a short time after the conclusion of the contract with the United States **there was sold in**

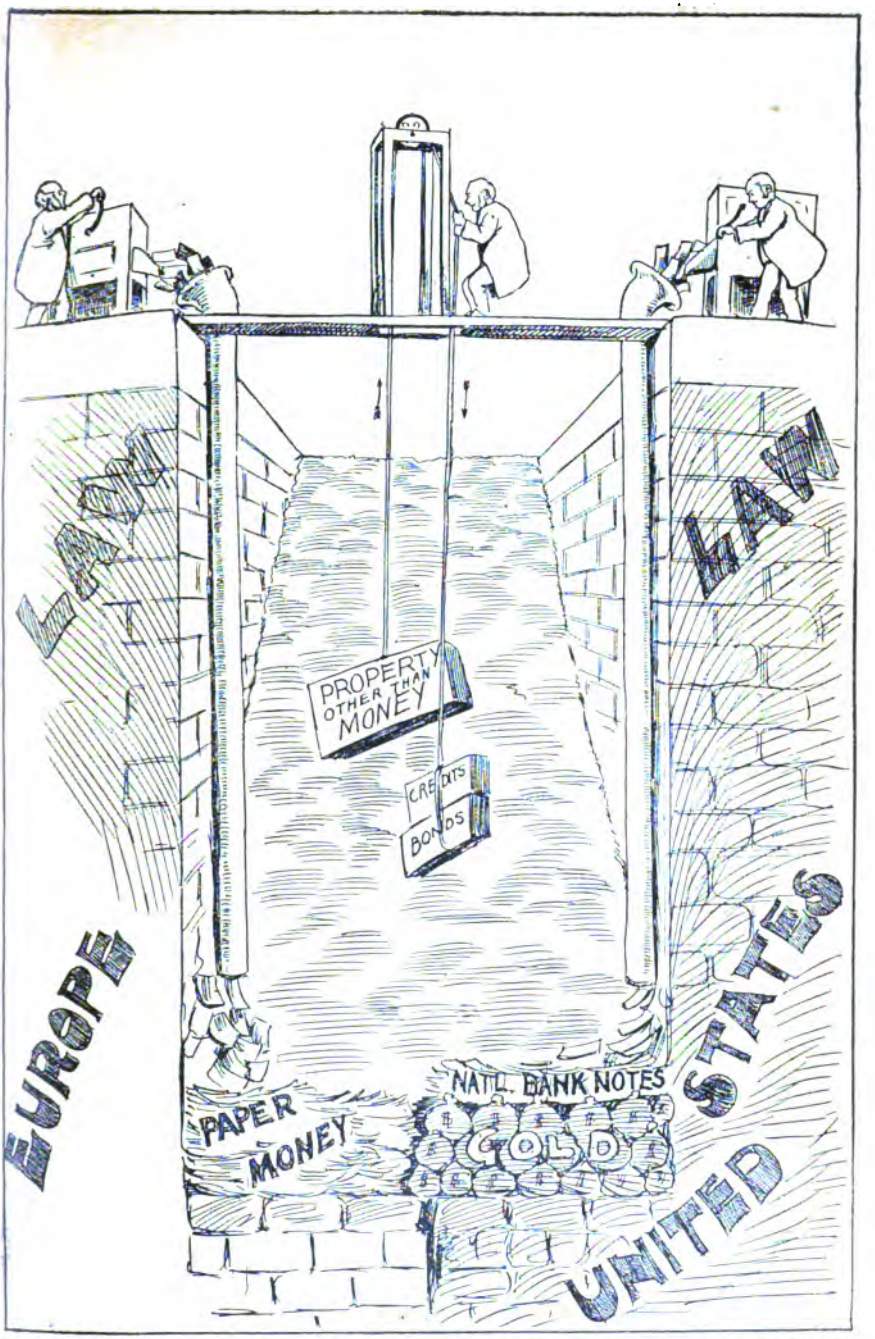
[1] Same citation.

[2] Chicago Inter Ocean, May 6, 1895.

[3] **Increase in National Bank Money.**

From February 1 to March 18, '95, the banks ordered additional bank notes for circulation "to the amount of 41 million dollars." (Letter of O. P. Tucker, deputy and acting Comptroller to Mr. H. M. Motsinger, cashier Farmers' and Merchants' Bank, Shoals, Ind.)

October, 1895, the National Banks had during the year increased their circulation $6,322,540. (Report of the Comptroller of the Currency, p. 4.)



BANKERS INFLATING PRICES TO KILL THE DESIRE FOR RISING PRICES—
THEY FIRST CHANGE THEIR INVESTMENTS

Europe over $50,000,000 of property in the United States or "securities" on property in this country.

You may exclaim, this is only circumstantial evidence! Very true, but **we have this additional evidence:** IN GERMANY THE AMOUNT OF MONEY PUT INTO CIRCULATION BY THE DIRECTORS OF THE IMPERIAL BANK FROM FEBRUARY 1 TO OCTOBER 1, '95, WAS AN AMOUNT EQUAL TO 101½ MILLION DOLLARS, whereas, for the preceding year the *decrease* in the bank's circulation was 29 MILLIONS OF DOLLARS.[1]

Is it to be wondered at that the moneyed interests in Europe should purchase *property* when they know that the volume of money was to be *greatly increased* through the action of the bankers who compose the directors of the Imperial Bank of Germany? (See illustration, preceding page.) **The "syndicate" through the control of the volume of money in Germany can throw general prices up or down, just as they desire, except where other countries offset the changes in the volume of money.**

How Prices Rose in the United States.

May 11th the conditions prevailing in the New York stock market were thus described by H. Allaway: "At no time in a dozen years has Wall Street had such a speculative fever as is now raging. All recent records are being broken. **Everything is jumping upward.** Stocks not heard of since the panic have become conspicuous and are in a hurly-burly of popularity. The old substantial speculative shares are bounding. On all sides there is activity and in everything there is strength. Even stocks which are known to be rotten—'rotten' being a technical word in Wall Street—are being boosted easily. Everybody is talking confidently of better times. It is hard to find anybody who is not a rampant bull. Many of the operators of the Stock Exchange who for three or four years past have been aggressive bears are now ranged actively on the bull side. They are talking **as hopefully now as they were hopelessly only a month or two ago."**[2]

[1] Bureau of Statistics, Treasury Department, from the London Economist. In detail the figures are as follows: **The increase in the bank note circulation of the Imperial Bank, from February 1 to October 1, was an amount equal to 53 1-2 million dollars. The gold reserve in the bank was during this period decreased 48 million dollars,** making a total increase in the circulation of 101½ million dollars. The Imperial German Bank is not limited in the amount **of paper money it can issue,** except that it must pay the Government at the rate of 5 per cent per annum on all sums over a certain figure. In 1895 this figure was exceeded to the extent of $37,000,000 by December 31st. (L. Carroll Root in "The World's Bank-Note System.")

[2] Chicago Tribune May 12, 1895.

One week later the same correspondent said: "Wall Street's enthusiasm does not abate. * * * The closing prices of the week show on the average gains over the quotations of last Saturday, and those who have the largest interest in the bull side profess to-night the fullest confidence in not only the continuance of the present activity but in the development of an old fashioned boom. * * * **To follow London is what the average wide-awake man in Wall Street is trying to do.**"[1]

By August 12, '95, the prices of stocks as compared with the preceding period of depression were as follows:

Railroad Stocks.			**Percentage of Increase.**
Chicago & Alton Ry	126	161	27
C. & N. W. Ry	84⅞	101⅛	20
C. B. & Q. Ry	69½	90⅛	30
C. C. C. & St. L	25	49½	98
C. M. & St. P. Ry	46⅜	71⅛	53
C. R. I. & P. Ry	51½	79	53
Industrial Stocks.			
American Cotton Oil	24	74⅜	211
American Sugar Refs	61⅜	114⅞	88
American Tobacco	43	112½	161
National Lead Co	18½	35	89
Tenn. Coal & Iron Co	10½	36½	256
U. S. Rubber	17	40⅜	139

The Rising Prices in Other Gold Standard Countries.

Of course the rise in prices was not alone confined to the United States; this is an impossibility while gold prices continue in several countries. Sauerbeck's table of prices shows that **in England general prices rose 3 points (about 5 per cent)**. October 21 Mr. Eckles, Comptroller of the Currency, said: "The general revival in business which has marked the last few months in this country has been **equally noticeable in England and on the Continent.** I was told by a number of prominent bankers in London that every day additional evidence came to them of a reviving of trade and commerce throughout the business world [gold standard world]."

The Outlook for September 14, '95, said: "Following the tendency to improvement in commerce here we find a similar improvement in Great Britain. The returns of the British Board of Trade show **an increase in importation of 10 per cent over a year ago, and an increase of nearly 12 per cent in exports.**

[1] Chicago Tribune, May 19, 1895.

AA. *WAGES ADVANCE.*

The increased demand for commodities at once affected wage-earners. It

(1) furnished employment to those who were not at work and

(2) furnished work at full time for those who had been working short time, and

(3) as soon as all were working full time **the conditions were ready for a general advance in wages.** AS EARLY AS THE MIDDLE OF APRIL WAGES BEGAN TO ADVANCE.[1] For the single week ending May 11th

[1] **Wages Rapidly Advance With Rising Prices.**

In the Outlook for the week ending May 11 it is said: "The evidences of increase of wages which we have been recording *during the past month* received notable additions last week. From the Lake Superior regions, at the Hamilton and Ludington mines, this dispatch was sent: 'The idle men are all being put to work at better wages than were paid last season.'

"On Tuesday of last week an increase of 10 per cent in wages was announced by the Minnesota Iron Company (owning or leasing all the mines in the Vermillion range), an addition of $6,000 a month to the pay roll. Of course the furnaces of Pennsylvan a and Ohio are favorably influenced in consequence

"At Niles, Ohio, the Thomas Furnace Company has announced a 15 per cent increase, and all the manufacturers in the Mahoning Valley have decided on an increase of 15 cents a day. It is claimed that this valley contains more important blast furnaces than any similar stretch of territory.

"At Warren, Ohio, the Paige Tube Company has increased its wages 10 per cent.

"Turning to Pennsylvan a, the wages of 500 men employed in the various furnaces at Newcastle have been restored to the old rates. The total reduction had aggregated 30 per cent.

"The manufacturers of iron pipe, machinery and boilers in the oil regions have agreed upon a wage increase of 10 per cent.

"The Oil City Tube Mills and the Oil City Boiler Works employ 1,000 men.

"The woolen, silk, cotton, paper and other manufacturers are now joining the procession. At Norristown, Pa., there is a wage increase of 10 per cent in the woolen mills. At Williamsport, Pa., Messrs. John N. Stearns & Co. have ordered an advance of 1 cent a yard, thus aiding 400 employees.

"At the chrome works of the Tyson Company at Baltimore an increase of 10 per cent has been announced, and the same at the Wilson woolen mill, Trenton, N. J. At the latter there are 700 weavers.

In New England.

"In New England wages have increased as follows:

"Dodge-Davis Manufacturing Company, Bristol, N. H., manufacturers of flannels, wages increased by 20 per cent, and the company is enlarging its factory.

"Westerly Woolen Company, Westerly, R. I., increase of 10 per cent.

"Merino Mills, Olneyville, R. I., wages of spinners increased by 10 per cent.

"A. L. Sayles & Sons' Union Woolen Mill, Pascoag, R. I., increase of 5 per cent.

"Norwalk Mills Company, manufacturers of fine woolens, Norwalk, Conn., increase of 10 per cent, restoring

the Outlook chronicled the long list of advances in wages set forth below.

As a result of the rising prices of property and wages, i.e., the cheapening of money, it was said throughout the gold standard world:

BB. *THE SILVER "CRAZE" IS KILLED.*

In other words it was said that RISING PRICES HAD KILLED THE DESIRE FOR RISING PRICES.

October 21, '95, Mr. Eckels, Comptroller of the Currency, said: "The marked improvement in trade throughout the [gold standard] world will undoubtedly have the effect in Europe as it has here *of relegating the question of a return to bimetallism to the rear.*" [1]

Professor Laughlin said: "Today the newspapers are publishing lists of hundreds of firms that have advanced wages because of increasing prosperity [rising prices.] * * * The demand for free coinage of silver [rising prices] **will die away with the coming of prosperity [rising prices.]**[2]" (See illustration, next page.)

The Tribune, May 3, speaks of "the general advance in prices which seems to have set in," predicting that "**it probably will check the unlimited coinage movement.**"

The Chairman of the Executive Committee of the American Bimetallic party is reported to have said: "I recognize the fact that if business continues to improve, and it turns out that the improvement is *permanent*, the silver issue is dead." [3]

rate paid before the reduction of one year ago.

"Jesse Eddy Woolen Mills, Fall River, Mass., increase of from 10 to 15 per cent.

"The Williamstown Manufacturing Company, the North Pownal Company and the Beaver and Eclipse Mills, increased the wages of all their employes last Monday. The increase averages 12 per cent.

"Stott's Mill, cotton goods, Lowell, Mass., increase of 5 per cent now and 5 per cent more in September.

"Cocheco Mills (cotton goods) Dover, N. H., increase of 5 per cent, restoring the scale in effect before the reduction in August last.

"The three cotton mills in Suncook, N. H., rates of wages paid previous to last August restored; 1,600 employees.

"Salmon Falls Manufacturing Company, Salmon Falls, N. H., increase of 5 per cent; 600 employees.

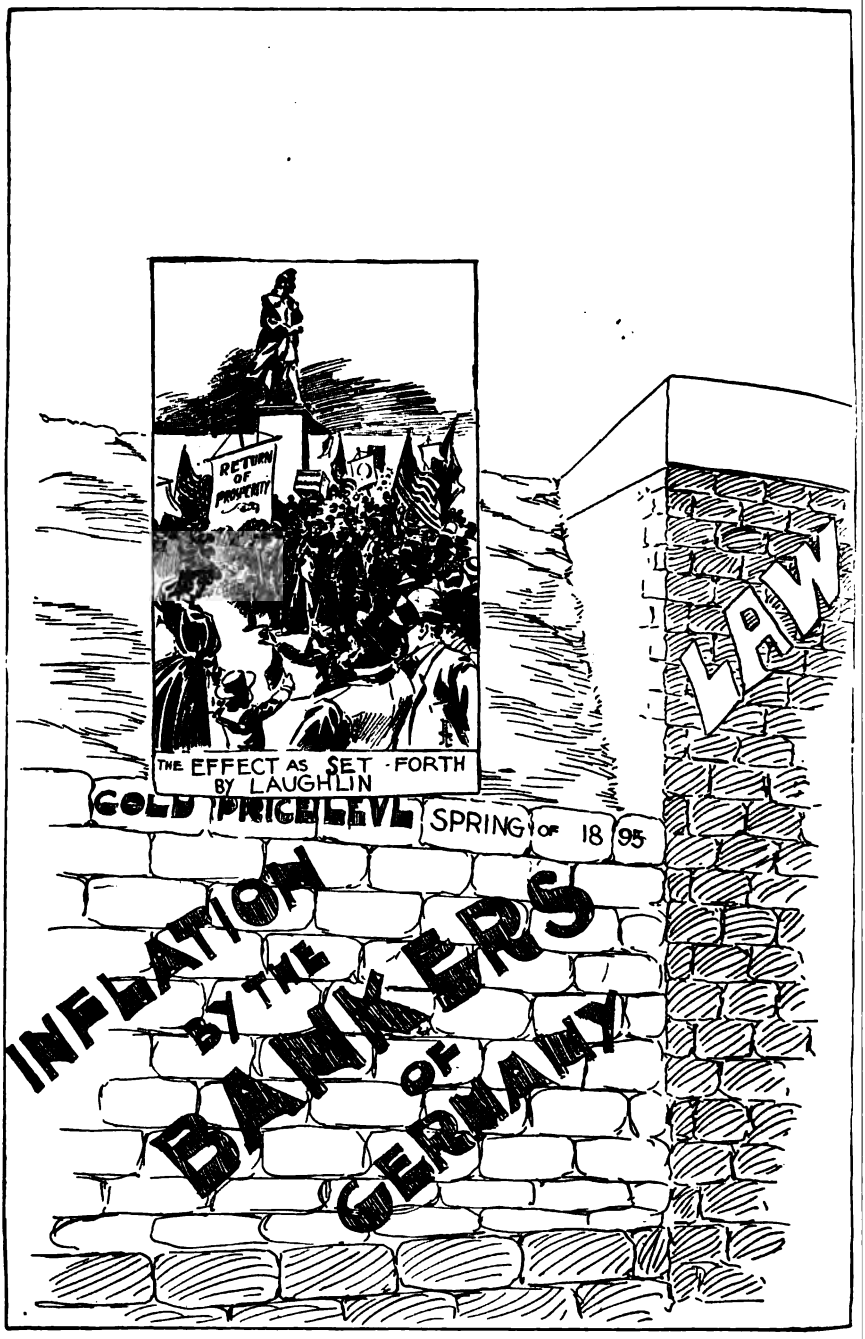
"Edwards Manufacturing Company, Augusta, Maine, increase of 10 per cent, being a restoration of the rates paid previous to November 12, 1894; 1,200 employees.

"The operatives in the Springvale Cotton Mills who went out on a strike for restoration of wages to the schedule before the 1892 cut have voted to accept the owners' offer of a 6¼ per cent increase.

[1] Chicago Tribune, October 22, 1895.

[2] Facts About Money, p. 18, published in the summer of 1895 and intended for distribution among voters. Same effect Laughlin's article in July Forum.

[3] Current History for 1895, p. 559.


RETURN OF PROSPERITY
THE EFFECT AS SET FORTH BY LAUGHLIN
GOLD PRICE LEVEL
SPRING OF 18 95
INFLATION BY THE BANKERS OF GERMANY
LAW

THE PROSPERITY OF THE SPRING OF '95—"KILLING" THE SILVER CRAZE (I. E., CRAZE FOR A RISE IN GENERAL PRICES).

CC. *WAS THE IMPROVEMENT PERMANENT.*

But who was there that believed the improvement to be "*permanent*?" He who will glance back over the history of the gold standard to the time when it was brought into existence through the demolishment of the bimetallic standard, finds that **falling prices have been continuous except for three periods, and these periods of rising prices** *were caused by bankers increasing the money in circulation* **in order to kill a desire for a return to the bimetallic standard as a remedy for falling prices and the division of the world commercially.** See above 382, 444, 582. When the sentiment for the remedy of bimetallism was quite generally "killed," then the moneyed interests withdrew considerable quantities of the paper money and went on extending the use of gold in other countries, thus adding to the fall in general prices. Even were the gold standard not being extended, still there is not enough gold mined annually to maintain stable prices; page 200 above.

I will next direct your attention to the principal bimetallic gatherings which took place from the early part of March, '95, to January, '96.

DD. *BIMETALLIC GATHERINGS.*

The Bimetallic Conference in Washington came to a close March 5th, and there was issued the address of the new party — The American Bimetallic Party — and also the address of the leading Democrats who proposed to commit the Democratic party to bimetallism. These addresses were sent throughout the country quite largely and the bimetallic sentiment flamed forth in the Central, Western and Southern States. In the West and South the people had for many years been studying the effect of falling prices and they were among the first to come forward and through organizations express sentiments for a return to the more stable bimetallic standard. Numerous free silver resolutions were passed by the political and business organizations in the Western and Southern States.

In the South "about the first of April the Central Alabama Silver Club was organized in Athens, Alabama, and about 400 men pledged themselves 'to support and in 1896 vote only for the party platform and candidates, national, state and county, in favor of the free and unlimited coinage and legal tender silver and gold on equal terms at a ratio of 16 to 1;' and committees were appointed to organize similar clubs throughout the State."

In the Central States the growth of the bimetallic sentiment was quite general. The sentiment in Iowa was thus set forth in a Washington, D. C., dispatch:

"Representative Hepburn [gold standard advocate] is in town,

having spent a month or so traveling in Iowa since the adjournment of Congress. He says that he has visited every county in his district and various other sections of the State and has found that *everybody is crazy on the silver question*"[1] (*crazy to stop the falls in general prices*).

In the Central States the bimetallic sentiment was combated fiercely by the moneyed interests and by a very large number of business men whose interests were *other-than-moneyed*, **but who were themselves deceived as to the facts in the case and the real issue.** Very soon after the issuance of the addresses of the bimetallists from Washington in March, the Chicago Bankers and some of the business men who were afraid of bimetallism, conceived the idea of inviting President Cleveland to visit Chicago and make a speech upon the money question, or write a letter upon this question. They extended an invitation, but no formal reply was issued until the course of the bimetallic sentiment showed unmistakably its rapid and widespread growth. April 13th, the Chicago Committee who had gone to Washington to ask the President to visit Chicago received from him the letter, a portion of which is set forth above, page 109. Among other things, the President said:

EE. *SOPHISMS OF THE GOLDITES.*

1. "*Free Coinage at 16 to 1 is Silver Monometallism*,"

and this statement contained no qualification (page 248 above). To re-inforce this false statement, the "hired men" and the beneficiaries of the gold standard of falling prices publicly declared it to be a fact (page 248 above).

Having assured the people that the unlimited coinage of silver and gold at 16 to 1 would result in silver monometallism, it was necessary to make them also think that the silver standard of prices is something more hurtful to the business and producing interests of the country than the existing gold standard of prices; therefore, the moneyed interests misrepresented the silver standard.

2. *Silver Standard of Prices Misrepresented.*

President Cleveland in the above letter said:

"If reckless discontent and wild experiment should sweep our currency from *its safe support* [*to that of silver monometallism*] the most defenseless of all in that time of disaster and the national discredit will be the poor," i. e.—the wage earners who have no property. As to the farmer, he said that "the best prices which cheap money proclaims are unsubstantial and elusive; that even if they were real and palpable he must necessarily be left far behind in the race for their enjoyments."

[1] Special from Washington to Chicago Record, April 15, 1895.

And at the end of his letter he speaks of silver monometallism as meaning "disaster and confusion" and to endanger "the beneficent character and purposes of the government."

The hired man in the University of Chicago informed the voters that the effect of going to the depreciated silver would be this:

LOWERING THE STANDARD [RAISING GENERAL PRICES].
FROM LAUGHLINS "FACTS ABOUT MONEY".

An answer to the advocates of the moneyed interests who claim that the silver standard of prices *is worse for the people than the gold standard of prices* is the history of the silver standard countries during the past twenty years. It is set forth above, pages 377, 140. Briefly stated, the facts there given show that silver has furnished a practically stable measure of prices and that the division of the world into gold price and silver price countries has been of immense advantage to the silver price countries. The effect in the United States, should the law for the unlimited coinage of silver and gold at 16 to 1 be enacted and result in all our gold passing to Europe and the ratio between silver and gold *still fluctuate*, **thereby leaving us with silver prices,** was stated by President Andrews of Brown University (a delegate to the International Monetary Conference of 1892). In an interview April 4, '95, he said:

Effect of Silver Monometallism in the U. S.

"The immediate result would be **a tremendous revival of business and restoration of depressed values. Money hoarded in banks would be turned loose. We should wrest from Europe most of the trade with silver countries. Our factories would be worked to their full capacity."** See also illustration, second succeeding page.

The moneyed interests, as we have shown, claimed, first, that the remedy of bimetallism as advocated, really meant silver monometallism, and they secondly claimed that silver monometallism was something more hurtful to the business and producing interests of the country than the existing gold standard. Having gotten thus far, the next point was to state an *excuse for the free-silver agitation.* This excuse they found by stating that it was practically all due to the silver mine-owners.

3. ***Bimetallic Agitation said to be Caused by Silver Mine Owners.***

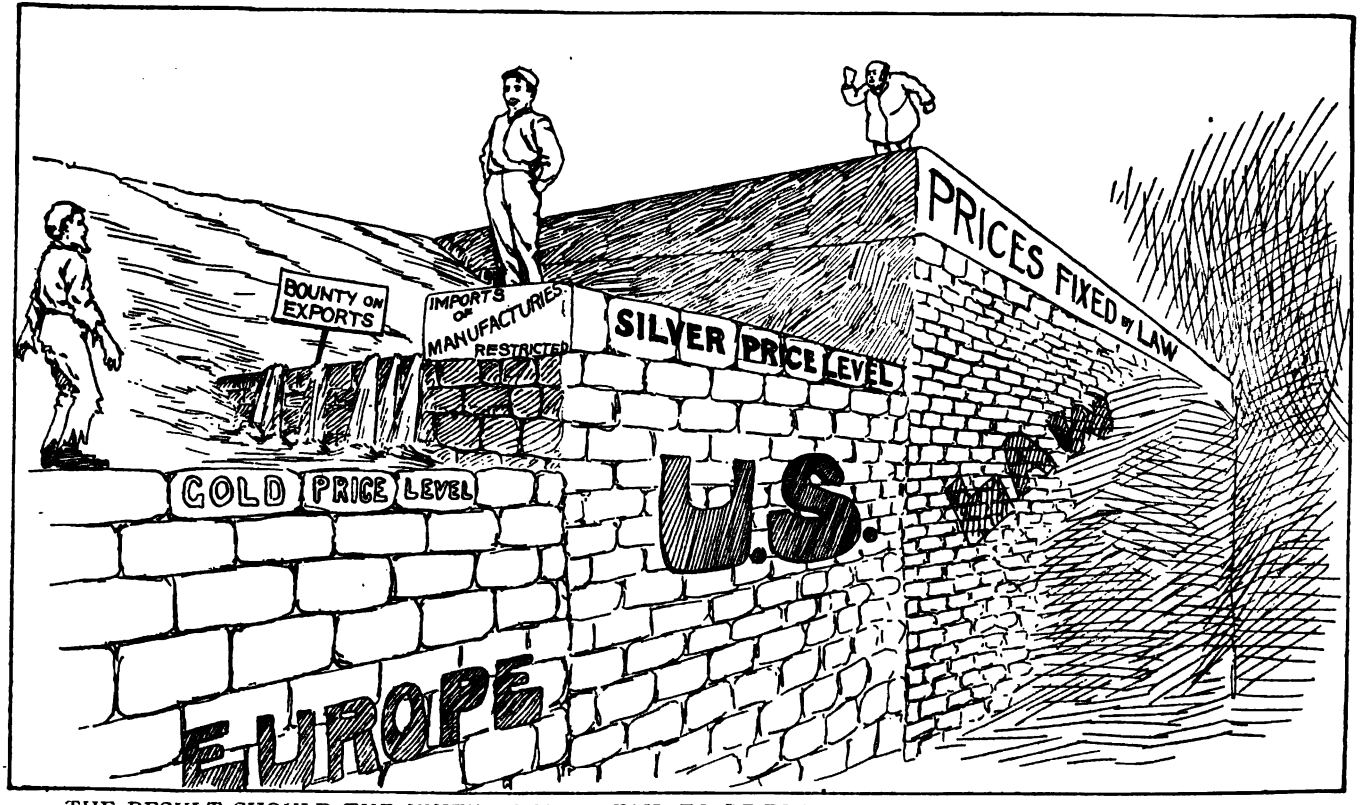
Here is the way the Chicago Times-Herald pictured it:

AS FREE AS AIR.

(Chicago Times-Herald, May 11, '95.)

How plainly the fallacy appears when instead of "free silver" we use the term "Rising Prices" and place it where the effect can be seen! See illustration, opposite page.

William McKinley, in a speech in the Ohio campaign of 1891, thus



THE RESULT SHOULD THE UNITED STATES FAIL TO RE-ESTABLISH BIMETALLIC PRICES AT 16 TO 1.

spoke of the demand of Ohio Democracy for free silver at 16 to 1: "Now it is proposed to remove the limit [on the coinage of silver] and to make the Government coin, not for account of the Treasury, but **for the benefit of the silver mine-owner.**" [1]

The three foregoing sections illustrate how demagogues may, with a false premise, spin out false conclusions; and this to an interminable extent. The lesson it teaches is that the fundamental facts as they exist must first be stated.

THE NEED OF FUNDAMENTALS.

The first fundamental is that stability (absence of fluctuations) in the exchange value of money (general prices) is the desideratum. We prove this by showing that falling prices injure society. We next inquire:

(2) What is the history of the exchange value of gold since 1873? The answer is, that it has nearly doubled in exchange value. This condemns gold as a just measure of exchange value. We next ask:

(3) Is it practicable for us to adopt a more stable measure of exchange value? The answer is, Yes, adopt both gold and silver and supplement these two by the use of paper money (as we are doing at present); all the leading countries of Europe use some paper money. A 16 to 1 law in the United States will result in maintaining a practically constant ratio between the two metals, thus making them for monetary uses throughout the world practically one metal—a bimetallic standard—and the **two metals make a more stable volume of money** (p. 235 above). Previous to 1873 this bimetallic standard existed throughout the world. With its demolishment in 1873, through the legislation enacted in Europe and the United States, there came into existence the silver standard and the gold standard. The history of the instability of the gold standard we have set forth in the preceding pages.

The foregoing is a brief statement of the money question. The point sought to be impressed upon the reader is the absolute necessity of first settling the fundamentals before branching off into secondary propositions.

We will now proceed to state more in detail the effect of President Cleveland's declaring that "**the line of battle is drawn** between the forces of safe currency [gold standard] and those of bimetallism;" and the further statement that "the sound money [gold standard] sentiment abroad in the land * * * *must be crystallized and combined and made immediately active.*" **This was a warning and at the same time a command.** It was heeded and obeyed. Not only did the statement of the

[1] Speech at Niles, Ohio, August 22, 1891; "Speeches of McKinley," p. 5[illegible]

President serve as a warning to the moneyed interests, but it was a command to the federal office-holders throughout the United States.

That this is so is shown in a letter from President Cleveland to Governor Stone of Mississippi, dated April 26, and given to the public May 3.

GG. *FEDERAL OFFICE-HOLDERS WHIPPED INTO LINE.*

In this letter President Cleveland said: "Whether appointees to place shall in speech and action behave decently toward the Administration under which they hold office must remain to a large extent a matter of taste and good breeding. There are, however, some officials who devote themselves so industriously to villification and abuse of those under whom they hold office as to indicate that their fidelity cannot be trusted for the performance of their duties in a manner creditable to the Administration, and who apparently assume that they may spend the time they owe to the public service in doing political mischief. In the interest of good government such office-holders must not be surprised if they are summarily dealt with."

Here the autocratic statement is made that **those federal office-holders who work against the financial policy advocated by the Administration are doing "political mischief,"** and that "SUCH OFFICE-HOLDERS MUST NOT BE SURPRISED IF THEY ARE SUMMARILY DEALT WITH." Think of it! The Chief *Executive* of the Government using the power of patronage to shape *legislative* action! Were the Constitutional Monarchy of Great Britain to adopt such a method of attempting to influence the legislative power residing in the citizens of the country, there would be such a protest against the infringement of personal liberty as would result in the House of Commons voting against the Ministry and turning them out of office thus branding their action as infamous. The effect of President Cleveland's unconstitutional exercise of power in throwing the weight of the Executive Department of the Government to influence legislation is in part as follows:

Effect of Cleveland's Warning to Office-holders.

The *next day* after President Cleveland's letter to Governor Stone was given to the public, **a statement by Secretary of the Treasury Carlisle was published,** attempting to make his position on the money question in 1878 and at the present time appear consistent. This statement was written to a friend in Arkansas, and through him given to the press.

The day *preceding* the issuance to the public of President Cleveland's letter to Gov. Stone, **Comptroller of the Currency Eckles, in a speech** at Detroit, Mich., threw the influence of his position in favor of the gold standard and characterized the opponents as the "single *silver* standard

adherents." He said, furthermore, that their demand, "reduced to its last analysis, is for silver fiatism, pure and simple."

Hoke Smith, of Georgia, Secretary of the Interior, who had been a bimetallist until he entered the President's cabinet, went back to his home and spoke in public for the appreciating gold standard. He made **three speeches** the principal one being widely disseminated throughout the South by the "Reform" Club of New York, and then the carrying forward of the printing and distribution was "otherwise provided for."[1] Mr. Smith is now (July, 1896) back in the bimetallists' camp.

Secretary Morton, of the Department of Agriculture, and from Nebraska, appeared before the public April 21st as an advocate of the gold standard, declaring among other things the utter absurdity that monetary laws can affect the exchange value of gold or silver any more than it can that of wheat. November 24th the success of the bimetallists appear to have pretty thoroughly scared him, for he says: **"I would prefer to see the Democratic party beaten on the question of sound money [gold standard]** than that **it should pander to the votes of those who are crazy for free silver."** And he said further: "You can never tell what will happen in this country; there is plenty of time for lots of things to happen before the next Presidential election. * * * Before next November there may be only two parties in the field—the sound money men [gold standard] and the 16 to 1 lunatics. * * * Tell me the name of any Republican," he continued, "from Tom Reed down, who has not straddled the fence on the money proposition. If you can do so I should like to get his photograph as a curiosity. Take Allison, for instance, who is said to be the Western Republican candidate for the Presidency. On the financial question the sound of his voice in behalf of honest money [gold standard] *has been like the tread of a cat walking over a plush carpet.*"

Secretary Herbert, of the Navy, went down to his home in Alabama and, as is reported in the gold standard press, **"fired hot shot into the ranks of the advocates of the free, independent and unlimited coinage of silver.** * * * In plain words he answered those of his critics who denounced his change of views on this burning question of the day. His most telling point was when he showed how independent action by this country for free coinage would inevitably result in practically putting the United States on a *silver* basis."

Other Federal Office-holders, located in the several States, were likewise warned by the Chief Executive's letter of April 26th that to do aught else than advocate the gold standard would be "doing political mischief" and that "such office-holders must not be surprised if they are

[1] Report of the Executive Committee of the Reform Club.

summarily dealt with." **The effect of this vigorous use of the patronage club was everywhere manifest.** The federal office-holders who were in the "business" for what *they* could get out of it turned in and *ostentatiously labored for the appreciating gold standard.* In those states in which the control of the Democratic party was somewhat evenly balanced the fights were hottest. In Kentucky, the home of Secretary of the Treasury Carlisle, when the Democratic State Convention occurred "harmony was the watchword, but want of harmony was the predominant characteristic; **riot followed riot without violence."** [1]

Of this use of patronage by the Chief Executive of the United States and its effect, a citizen of Kentucky, who is a "gold standard man" because it "is best for my business and enables me to make money faster," said:

Federal Interference in Kentucky.

"No one who is unfamiliar with the inside facts of that Kentucky fight can form any idea of the immense power wielded by a President of the United States, even in State politics, all on account of the patronage at his disposal. It is a serious thing for a man to be thrown out of his position, and still more serious when the positions of other men depend on the higher office-holder.

"It never occurred to me until Secretary Carlisle came to Kentucky to take part in that free-coinage fight that the vesting of patronage in one man is not only a serious but a very dangerous thing, for if the President of the United States can squelch a political sentiment of one kind he can that of another kind, and there's no telling where the matter may stop. President Cleveland played that Kentucky game. Secretary Carlisle amounted to no more than a piece in a game of chess. He was moved by the President, who had the absolute power of saying to a county here and another county there: 'If there is too much free silver sentiment among your people, one of your esteemed citizens now in the employ of the United States government will lose his job.'"

"Mr. Carlisle, as you know, is a poor man. He is one of the greatest lawyers in the country, but never could make any money because he won't make his clients pay unless they want, and he'll do any amount of work for almost nothing. * * * As Secretary of the Treasury he has an honorable position and one that is sure pay. If he should be forced to resign from the Cabinet he would have to go back to practicing law; and if forced to resign by the administration the administration would fight him in a race for the Senate. If he serves as Secretary of the Treasury until the expiration of Mr. Cleveland's term, there is no doubt in my mind, and it is generally said in Kentucky, that he

[1] The Outlook, July 6, 1895.

will find a good and lucrative position waiting for him—possibly the presidency of a national bank." [1]

The administrative forces in connection with the moneyed interests and a few misinformed business men planned a Southern Campaign by calling a convention to meet at Memphis, Tennessee.

HH. *MEMPHIS GOLD STANDARD CONVENTION.*

It asked that representatives from the Southern States meet in conference at Memphis May 23rd. Secretary of the Treasury Carlisle delivered to the assemblage the argument for the gold standard, and his was the only speech upon the money question delivered at the conference. There were about 700 delegates present. There is no question but that this speech was considered to be a most able presentation of the case of the gold standard versus the bimetallic standard, for the manner in which it was distributed throughout the country is phenomenal. The Reform Club of New York printed and distributed 300,000 copies, and the further printing and distribution was then "otherwise arranged for." The Illinois Honest Money League is said by "J. H. Hopkins, one of the active workers of the league," to have "distributed in Illinois 10,000 copies of Secretary Carlisle's Memphis speech." [2] Doubtless the work done in Illinois was duplicated in many other States. Altogether **there has probably been distributed free of charge to the recipients nearly 1,000,000 copies of this speech; and this in addition to the publication in the daily and weekly papers throughout the entire United States.** The half-truths and outright lies and non-essential points made are those usually made by the "tools" of those who profit by dear money. The extent to which this speech has misled the people of the United States cannot be calculated, but it certainly is *very* far-reaching. Untruths, however, act as a boomerang, for when those who have been led to believe them *see that they have been deceived intentionally*, **the recoil and the disgust which they feel turns them into active and bitter enemies against the individual and the cause.** The American citizens are jurors in the great case of the Moneyed Interests versus the Interests Other-Than-Moneyed, and if the evidence is fairly presented to them they may be depended upon to bring in a verdict which squares with the truth.

II. *OTHER INSTANCES OF WHAT THE MONEYED INTERESTS DID.*

I should like to go on setting forth the methods of those who are

[1] Chicago Inter Ocean, Aug. 19, '95.
[2] Chicago Evening Post, September 6, 1895.

favoring the gold standard of falling prices but lack of space forbids. I will merely mention the work done by the Reform (?) Club of New York, the Chamber of Commerce of New York, the Bankers' Associations (including the address of President Cornwall in Chicago February 7th):

An address sent out by the New York Chamber of Commerce "to the business men of the South" asked that they stand unflinchingly by the gold standard, saying:

"Gold has a Stable Value[?]."

"*Your advantage* lies in the exchange of your products for money which like gold has a stable [?] value. We therefore urge you and your friends to use your influence in opposition to the dangerous doctrine of free silver coinage." Commenting upon this address the Chicago Inter Ocean said (July 30): "There is no allusion even to the middle path of bimetallism. The address practices no disguise. Evidently the New York Chamber of Commerce has the convictions of Banker Cornwall if not his intensity of feeling. But **for the most part the advocates of the single standard,** like the Tribune and Prof. Laughlin of this city, still continue to use

"Bimetallism as a Stump Behind Which to Fire Their Cowardly Shots.

"If all the champions of gold as a single standard were as courageous and honest as the Chamber of Commerce, the settlement of this vexed question would be simplified and facilitated.

"The truth is, that the goldites are thoroughly organized and prepared for battle. They have the great aggregations of capital to draw upon. The class represented by the Rothschilds succeeded in reducing the leading nations of the world to the single standard *before their hand was disclosed* and now that the people, especially in Germany and the United States, are moving with resolute determination toward the restoration of silver, *this same class is keenly alive to the gravity of the issue involved.*"

The American Bankers' Association

is the name of a powerful organization. Besides being one of the instruments through which the American Creditors act, it is also the agent of the Great Money Power of Europe.

The address of the President of this association at its annual meeting in '95 is a notable one in that **it lays bare the mighty influence of the bankers in securing legislation favorable** TO THEMSELVES. He said:

"Growing out of the agitations begun in the conventions of the association, has followed **the abolition of days of grace** in many states, **twelve** having already adopted the reform[?]." * * *

"There can be no necessity for a revision of our declaration of principles, but the growth and development of our common country and the concurrent growth of the banking business have created a necessity for **smaller local organizations,** and since 1884 numerous state associations have been formed, until now **there are thirty of them, with a total numerical strength of nearly 3,700 members.** These associations **are capable of** AND DO EXERT A POWERFUL INFLUENCE IN THE LOCALITIES IN WHICH THEY EXIST. * * *

"We cannot hope to change our political system, but we can and should utilize all the agencies at our command **to increase our own welfare** and usefulness. * * * **We are organized for mutual benefit.** * * * This cannot be successfully accomplished by a national organization, except through auxiliary bodies CLOSELY IN TOUCH WITH LOCAL LEGISLATURES. It is not probable that measures initiated by this body *which require changes in the laws of the various states* would be much more likely to come to fruition if committed to the state associations than if undertaken by the association itself. Already these associations are doing splendid work and achieving excellent results, which could be greatly extended by affiliating them more closely with this organization.

"It was entirely through the efforts of the Bankers' Association of the State of Illinois that two important reforms [?] in the laws of that state were accomplished last winter, the effect of one of which at least will be appreciated by every *banker* who has any business in that state. And there is work enough to do. It is conceded by every intelligent man that usury laws on the statute books of nearly every state are relics of barbarism and that the community [?] would be greatly benefited were they abolished[?]. * * * The remedy for these conditions is to be found through proper legislation [by "proper legislation" as here used is meant that legislation which benefits the banker] **and proper legislation can be had** if it is sought for with courage and persistence."

Here it is confessed that the bankers of the United States are organized into thirty-one different bodies, besides the national and city organizations, and that they are "organized for mutual benefit," i. e., "to increase our own welfare and usefulness." This, the President said, "cannot be successfully accomplished except through bodies *closely in touch with local legislatures,*" and for the securing of national laws, a close touch with *the national legislature.* **In twelve states the days of grace on promissory notes have been abolished** THROUGH THE EFFORTS OF THE BANKERS. What do our people think of this? **And the bankers here tell us that** THEY ARE WORKING DILIGENTLY FOR THE REPEAL OF THE USURY LAWS. What do our people say to this? Do you think there is any truth in the statement made by Thomas Jefferson that "the banking institutions are more dangerous to our liberties than standing armies"?

The interests of the moneyed classes are directly opposed to the interests other-than-moneyed, and therefore **the individual who thinks that the legislation advocated by the bankers is probably to his interests also is pretty sure to be mistaken.** An illustration of the one-sided policy which the bankers advocate is that contained among the opening paragraphs of the address of the President of the American Bankers' Association in '95. He said (quoting an earlier President of the same Association): "The double standard [the bimetallic standard of prices] has not been found to work well in other countries." Now *a directly contrary statement* is the unanimous verdict of the British Gold and Silver Commission quoted at page 229 above.

The "Hired Men" and the Gold Standard Press.

But by far the worst enemy of Truth in this campaign has been the Professors in the Departments of Political Economy in **the universities which employ none but gold standard advocates,** and the text books put forth by those men who have been elevated in institutions of learning *by partisan trustees.* The third great enemy to Truth has been the Gold Standard Press. The greater portion of the principal dailies in the cities east of the Mississippi river and north of Mason and Dixon's line have been filled with half-truths and lies concerning the gold standard and the bimetallic standard. When their editors could not get out "stuff" suitable for the occasion they were furnished it by some one or more of the different "honest money" organizations.

In Chicago the Times-Herald published each day an editorial signed "J. Laurence Laughlin, Professor of Political Economy University of Chicago." These letters were recast and are now published as "Facts About Money," and as they appear over the title "Head Professor of Political Economy University of Chicago," they carry great weight with the people. A few of his lies are exposed above, 35, 103, 261.

Concerning the unprincipled conduct of the managers of the gold standard campaign: Mr. Hinrichsen, Secretary of State for Illinois made the following statement June 7, '95: "The Chicago Tribune and the Chicago Times-Herald are fairly frantic in their efforts to belittle the silver movement, and it is plain that their correspondents have received orders from headquarters to lie without stint about everything connected with the growth of the silver sentiment. Of course I expect these papers to fight us through their editorial columns, and to tinge their news columns with party prejudices, but I must say that I am surprised to see papers standing as high as they do generally **dosing their columns with manufactured news, prepared with the deliberate purpose of deceiving their readers."**

Opposed to the moneyed interests with their millions of money and their "hired men" and dupes were those who were fighting for a remedy *to stop the falls in the general prices of commodities.* The gold standard advocates claimed that the silver mine owners were the only ones who would be benefited by a return to the Bimetallic Standard. (See page 590, above.) And they claimed also that the silver mine-owners were the ones who were to blame for the agitation—that they were furnishing money to keep up the agitation. They were replied to by the author of Coin's Financial School in his debate with Mr. Horr, of New York.

JJ. *THE SILVER MINE-OWNERS AND THE CAMPAIGN.*

Mr. Harvey said:

"I want to say to you that the silver producers have not assisted in running this campaign. [Applause.] If they were assisting any one it is reasonable to suppose that they had assisted me. I began my work in May, 1893, by publishing a weekly paper, and commenced bringing out books in December, 1893. I became chairman of the bimetallic executive committee of this State in the summer of 1893. My committee appealed personally and by letter to about all the silver mine-owners in the West for donations to assist us. **We did not receive a cent.** At one time I sent out forty-four letters to selected names of as many prominent silver-mine owners who were supposed to be wealthy—such men as Moffit and Shear, of Colorado, and Clark, of Montana—and did not receive a cent from them, not even enough to pay the postage used on the letters; not even the courtesy of a reply, except from one.

"At the time I brought out 'Coin's Financial School' I was in debt and had no money left. I had spent all of my money and $2,800 borrowed from a banker in Utah on a mortgage on improved property, which he afterward foreclosed when I was in my greatest trouble. I owned valuable unimproved property in the silver states that was unincumbered. I wrote numerous letters to prominent mine-owners, stating my situation, and asked for a mortgage loan. I failed in each instance. August, 1894, seeing that I could go no further without money, I went personally to Denver and saw most of the silver bullion owners of Denver, and offered unincumbered property at Pueblo, Colorado, that cost me $37,500, on which I had bankers' certificates showing a cash valuation of $20,000. **They all refused to loan me any money.** I was told that I could not borrow on the property because it was unimproved and had no rental value. I found that the bullion owners who had money were bankers, the others were all hard pressed for money. I appealed to these bankers, among them the president of the Globe Smelting

Company, to waive the fact that my property was not improved, and to loan me money on it. He refused. I then asked him to go with me and talk with others who had money, and they together to make up a loan. This he declined to do also. I then tried to sell my property, and found there was no market and that I could not get an offer. I then returned to Chicago without a cent. **I was in debt $1,300 and had no money.** On the day I returned my only clerk absconded with what little money had come into the office in my absence. On my desk I found a letter from my wife, who was in Ohio with our children, asking for money to come home. I had no money to send her. I did not have money enough that night to buy my supper.

"At this moment Judge Miller [applause], who is now presiding as one of the judges in this debate, came into my office. I told him of my trip to Denver and the result, and that I was going to close my office. He abruptly, as it seemed to me at the time, got up and left the room. About two hours later he returned and said that he had been home; that he and his wife had talked the matter over; that they had some money, and wanted to know how much I thought would pull me through. I told him I thought two thousand dollars would. With it I could pay my debts, and the balance would hold out till I got 'Coin's Financial School' before the people. **He loaned me the two thousand dollars.** [Applause]. I since have returned it to him. **Judge Miller has no interest in silver mines, and he saved my office when the silver mine-owners refused assistance.** [Applause.]

"From the time I began to the present moment I have never received a cent from the silver states or from anyone else, except in the regular sales of my literature, and $500 given me by a gentleman (W. J. Cheney) living in Philadelphia, and $10 that came to me in an anonymous letter.

"What the people do not understand is this: The silver-mine owners who have money are all money-lenders, and they have that country covered with mortgages.

"I now want to say to the people of the United States. This cause does not need money. There is something worth more than money, and that is manhood. [Applause.] A volunteer soldier will whip three hired soldiers. [Applause.] And so it is in this cause, where we struggle to promote humanity and just government. One patriot rising up as a power in his community is worth three hired men." [Applause.]

KK. *THE PRINCIPAL BIMETALLIC CONFERENCES*

were as follows: Illinois Democratic State Convention was called to decide upon the policy of the party. The Democratic Administration

and the other goldites opposed it, as they did not want to let the people voice their sentiments. The bimetallist, Judge Hunter, in closing a speech to the Convention, said: "**Men do change, principles never, * * * Turn neither to the right nor to the left, but face the enemy from whatever quarter they may come.**"

Test Vote in Chicago—What It Showed.

A test vote, conducted by the Chicago Morning Record, resulted in Free Coinage and Independent Action receiving 62 per cent of the votes cast. In an Editorial Comment the paper (gold standard) said:

"The demand for free silver coinage does not come entirely from the farmers, the miners and the mine-owners. **Farmers and miners have not voted in the Record's test vote,** for it has been restricted to the voters of Chicago; but the result is nevertheless a large majority for free silver. * * * Members of some of the leading business firms in the city have expressed the conviction that **the volume of gold is insufficient for the nation's business [and maintain stability in general prices]**, and have voted for free silver coinage at the ratio of 16 to 1, without regard to other nations. * * *

"**The silver question is not a party question.** The advocates of free silver coinage are found in all existing parties, and so are the champions of the single gold standard. **The silver issue is destined to cut deep into existing party lines and bring about a general readjustment of party affiliations.**

"The party which stands for free silver at the next election and the party that opposes it, by whatever names they be called, will both be VIRTUALLY NEW PARTIES. The silver question will be the dominating issue of the next campaign."

Other bimetallic gatherings were held in Philadelphia and in New Orleans. At Memphis a conference was held, national in its scope. On the sixth day after the gold standard Memphis conference there was issued by the Central Bimetallic League of Memphis an address

"To the People of the United States,"

in which the following occurs: "The arch enemies of the agricultural and producing classes of our country, * * * backed by the great power of exhaustless wealth and the influence of high political position, have publicly convened in this city of Memphis and openly declared their purpose. They demand that the constitutional and inherently sovereign right to issue money be delivered into their hands. They hesitate at no deception, they scruple at no fraud. Knowing the innate integrity of our people they prate of 'honest money.' Appreciating our aversion to

paternalism they say: 'The Government must go out of the banking business.'

"They hope and believe that we will not stop to consider that to **exact a dollar which by vicious legislation they have made to cost the debtor twice as much labor and double the amount of produce as the one promised** IS NOT 'HONEST.' * * *

"They think that we will forget that the question as to the issuance of money is not whether 'the Government shall go out of the banking business,' but **whether the banks shall go out of the governing business.** * * *

"Something must be done to meet their cunningly directed and insidious assaults. Eternal vigilance is the price of liberty. Our foe is unscrupulous. His greatest victory was achieved by stealthy and corrupt legislative work. * * * That the people may come together and take counsel of each other it has been deemed expedient to call together a convention to assemble at Memphis, June 12 and 13, 1895."

When the people assembled they declared, among other things, that

The Admission of International Bimetallists

"every international money conference, every demand in this country and Europe for an international agreement to re-establish the bimetallic standard is A CONFESSION THAT THE DEMONETIZATION OF SILVER WAS A BLUNDER, IF NOT A CRIME. While we should welcome the co-operation of other nations, we believe that **the United States should not wait upon the pleasure of foreign governments or the consent of foreign creditors,** but should themselves proceed to reverse the 'grinding process' that is destroying the prosperity of the people, and should lead by their example the nations of the earth."

The concluding words are: "Whatever the power of money can do by debauchery and corruption *to maintain its grasp on the law-making power* **will be done.** We therefore appeal to the plain people of the land with perfect confidence in their patriotism and intelligence, **to arouse themselves to a full sense of the peril that confronts them and defend the citadel of their liberties with a vigilance that shall neither slumber nor sleep."**

At Salt Lake City a Bimetallic Convention was held. Delegates were present from Oregon, Washington, California, Nevada, Utah, Colorado, Wyoming, Arizona, New Mexico and Montana.

Salt Lake Bimetallic Non-Partisan Convention.

The address issued pointed out that "the most careful investigations show that since 1873 in gold standard countries wholesale prices of com-

modities have fallen *at least 50 per cent upon an average, which simply means that gold has doubled in value.* * * * Aside from any question of morals, **the effect of such a policy cannot be otherwise than disastrous in the highest degree."** "The representatives of California, Oregon, Washington, and Wyoming, WHICH PRODUCE LITTLE OR NO SILVER, **feel that their people have been as deeply injured by the demonetization of that metal as those living in any State or Territory in which silver mining is a leading industry."**

An incident of national interest was a debate of the question of Bimetallism between Hon. Roswell G. Horr, formerly Representative in Congress from Michigan, now financial editor of the New York Weekly Tribune, and W. H. Harvey, author of Coin's Financial School.

We will next mention several State Conventions of Bimetallists.

In Kansas a non-partisan bimetallic conference was held at Topeka, June 18. One week later there was held in the same city a bimetallic conference of Republicans. **"Chief Justice Martin's presence gave the silver advocates great courage** and his earnest speech in favor of independent free coinage by this country, if it should be impossible to secure international agreement, brought forth applause. A committee was appointed to take such steps as *will hold the votes in the Republican party and prevent the organization of a silver party.*[1]

The same day (June 25) in Oklahoma Territory a bimetallic convention was held at Oklahoma City. In Colorado, the Democrats, July 2, held a convention to consider the money question. In California, a non-partisan bimetallic convention assembled at San Francisco August 20. In Missouri a call was issued for the Democrats to hold primaries and select delegates for a State convention to make known the sentiment of the Missouri Democracy. At the primaries the gold standard element was so weak that they practically ignored the election even in the large cities, and **St. Louis and Kansas City elected bimetallic delegations.** The convention met at Pertle Springs, August 6th. Hon. Richard P. Bland, the noted champion of bimetallism, was elected temporary and permanent chairman. The convention declared for bimetallism at 16 to 1, without waiting for the action or approval of any other nation.

July 18, '95, at Griffin, Ga., "the Georgia Bimetallic State Convention" was held. At Raleigh, North Carolina, there was held a non-partisan bimetallic convention, September 25.

LL. *NATIONAL BIMETALLIC COMMITTEE MEET.*

July 18th, the Executive Committee of the Memphis Bimetallic

[1] See the outlook June 22, 1895.

convention held a meeting in Chicago. They adopted the name, National Bimetallic Committee. Judge Henry G. Miller, of Chicago, was elected permanent chairman. As to the question of a new party, the men from the North and West were ready for such a movement, but the Southern men were not yet prepared for it.

A second meeting was held in Chicago September 19th, at which an address was issued for general circulation. It closes with this sentiment: "In view of the great importance of this subject we urge our fellow citizens to avail themselves of every means of enlightenment, in order that they may *think for themselves* and exercise an intelligent judgment, *rather than unreflectingly adopt the counsels of* **interested parties.** FEALTY TO PARTY SHOULD BE SUPPLANTED BY FIDELITY TO THE PUBLIC WELFARE. When the people shall have intelligently investigated this subject, then, and not till then, will it be decided as it should be decided."

MM. *THE AMERICAN BIMETALLIC UNION.*

December 29, 1895, the three national bimetallic organizations consolidated. The American Bimetallic League, founded in 1890 and with its office in Washington, D. C., the National Bimetallic Union, formed at Salt Lake City in May, 1895, and the National Bimetallic Committee, the outcome of the Memphis Bimetallic Convention, consolidated their forces under the name **American Bimetallic Union,** with headquarters in Chicago and branch offices in Washington, San Francisco and in some city in the South. Gen. A. J. Warner, President of the American Bimetallic League, was elected President of the Union and Edward B. Light, Secretary of the National Bimetallic Union, was elected Secretary of the new organization. In an interview Mr. Light said: "It is the purpose of the united organization **to press the campaign of education on behalf of bimetallism with the utmost vigor in all parts of the country.** The silver leaders are very much elated over the course of recent events and believe that combinations may be made as a result of which bimetallism will be accomplished not later than 1897."

NN. *NATIONAL ORGANIZATION OF DEMOCRATIC BIMETALLISTS.*

A national conference of Democratic bimetallists was held in Washington, D. C., August 14 and 15. The main object is thus set forth in an address delivered to the public: "We are assembled as individual Democrats to take counsel together and for the undisguised purpose * * * of rescuing the old party founded by Thomas Jefferson, *from plutocratic domination.*"

Eighty were present from 19 States; from Illinois 14, Missouri 14, Virginia 15, West Virginia 2, Ohio 1, Indiana 2, Georgia 2, Kentucky 1, Mississippi 1, Maryland 3, North Dakota 1, Delaware 1, Arkansas 3, Colorado 3, South Carolina 1, North Carolina 3, Florida 4, Tennessee 4, Alabama 4.

An organization was effected, composed of a National Committee of one Democrat from each State and an Executive Committee to consist, until changed by the National Committee, of Senators Harris (Tenn.), Jones (Ark.) and Turpie (Ind.), Governor Stone, of Missouri, and Mr. Hinrichsen, Secretary of State of Illinois.

OO. *THE LEAGUE OF REPUBLICAN CLUBS AND BIMETALLISM.*

The 8th national convention of the League of Republican Clubs convened in Cleveland, Ohio, June 19, 1895. The President in his address said: "There can be no disagreement as to the need of an enlarged use of silver [in order to stop falling prices]. There are few or none who are not in favor of this. **The question is, how can it best be brought about?**" He then argued that it should be *only by international agreement*, **omitting, however, to mention the fact that the basis of this demand is a fake** (**page 242, above**) **and that the principal countries of Europe are creditor countries and that they are maintaining a war footing** (page 199, above). Those who really favor the appreciating gold standard, *but who do not wish to say so outright*, advocate an "international agreement" as a prerequisite to the establishment of the bimetallic standard. Of course there are many who honestly advocate this prerequisite, but *they* lay stress on the necessity of retaining our gold "in concurrent circulation with silver." But as this is an essential *only to the extent that a practically fixed ratio between silver and gold may be kept*, it follows that **when this is admitted there is given up the ground on which the "international agreement" fellows have stood and now stand** (page 265, above).

In the convention were many delegates who favored bimetallism and independent action. **The gold standard delegates, who were in the majority, avoided an out and out fight by leaving the question to be decided by the next National Republican Convention.**[1]

[1] In an interview published June 25 Senator Debois, of Idaho, said: "If the silver men had forced the fight for an expression of opinion on the money question **they would probably have been defeated.** * * * The silver men, of course, want an international monetary conference, but they will be governed from beginning to end by the determination to carry on the fight for the restoration of silver *regardless of what such conference may or may not do.*"

PP. *EASTERN CONVENTIONS DOMINATED BY THE MONEYED INTERESTS.*

In the Eastern States the political conventions declared outright for the gold standard. A few did so in the roundabout way of saying that they preferred the existing gold standard until the creditor and war-threatened countries of Europe unite with us in putting a stop to increase in the exchange value of money and credits.

In Massachusetts the Democratic State convention said: "We demand the maintenance of the existing gold standard of value [prices], and that the government shall keep all its obligations at all times redeemable [payable] in gold." The Republican convention said: "The government should maintain each dollar which it issues on a par with its standard gold dollar, and should not permit the free coinage of silver at any ratio *not established by international agreement.*" Now **as "international agreement" at 16 to 1 will cheapen money just as greatly as though the 16 to 1 ratio were secured by independent action, who is there that believes that the dominating power in Massachusetts Republican politics really desires International Bimetallism?**

Let us now turn from the "political situation" to the

QQ. *BUSINESS CONDITIONS, LAST HALF OF '95.*

As we have stated, there was set in motion early in '95 rising general prices through the issuance of paper money and coin by order of the Directors of the Imperial Bank of Germany, and the rising prices resulted in a growth of credits and also set in motion the idle money, all of these conditions tended to boost general prices. About the first of July there was something of a setback as

The Russian Bear Reached Out

and swept 79 million dollars in gold into his war chest.[1] This produced a "shiver" throughout the entire industrial gold standard world, as it resulted in gold flowing to fill the vacuum caused by the withdrawal from circulation of this large amount of money. July 18th gold was shipped from New York, the bond syndicate failing to prevent its export, although the price of foreign exchange was put up to 491—"an unprecedentedly high figure." During July the amount of gold shipped from the United States was $1,730,473, "but the Bond Syndicate reimbursed the Treasury, depositing $2,000,000 gold on the 27th."[2] **During August** the rate of exchange was at times as high as 491 for cash transfers, and during the month over 15 million dollars in gold were exported, and "the Syndicate deposited in the Treasury $8,500,000

[1] United States Bureau of Statistics. [2] Appleton's Annual for 1895, p. 286.

in gold. **During the month of September** the high rate of exchange was continued and over 16 million dollars in gold were exported, and the Syndicate "deposited $2,500,000 with the Treasury." September 16th a wire from Wall Street says: "Although **the Treasury situation is black**, because of the sentiment which has been built up around the gold reserve, we have the assurance of President Cleveland that so long as he is president the gold basis shall be maintained. * * * The Treasury scare is, after all, purely a matter of sentiment."[1]

The next morning the Chicago Tribune, in an editorial, thus shows up the unfortunate condition of affairs: "*The people of the United States are running behind in their business with foreigners fully $200,000,000 per year.* * * *

"The Situation is a Grave One.

"How shall the disadvantage be remedied?" And it continues: "It is idle to suppose that the case would be improved by the adoption of free coinage at a 16 to 1 ratio." It then goes on to state as the reason for such a conclusion **the old sophism that free coinage at 16 to 1 will not raise gold prices in Europe.**

On the morning of September 14th ('95) this same Chicago Tribune set forth the gold measure of prices in this able and instructive way (see illustration, opposite page):

The crops were abundant except that of wheat and cotton,[2] but a Government report early in January, '96, shows that the prices were so low that for wheat, corn and oats **the farmers received about $26,000,000 less than in the previous light year.**[3]

Business failures in the United States for the year 1895 **exceed in liabilities those of the fatal 1894,**[4] and for the first 6 months in '96 they have exceeded very greatly those of the first 6 months of '95. From September 1, '95, to July 1, '96, the fall in general prices in the United States has been considerable, but just how much I have not been able to ascertain.

We will next consider the Business Conditions

In Other Gold Standard Countries.

General prices in England stood at **60 for February,** rose in April so as to average 61.7, May, 62.5, July, 62.8, August, 63.3, **September, 63.5.** This was the high point. In October it stood at 63.3, November, 62.3,

[1] Chicago Evening Post.

[2] Appleton's Annual for 1895, p. 280.

[3] Chicago Evening Post market report of January 7.

[4] The liabilities of those failing in business during 1895 was $173,196,060. against $172,992,858 in 1894. Number failures 1885, 13,197, against 13,885 in 1894. (Appleton's Annual 1895, p. 287.)

IT WON'T BE WORTH ANYTHING AFTER ALL.

(Chicago Tribune, Sept. 14, '95.)

December, 61.2. With the rising prices in the European gold price countries there was an increased activity in production. A somewhat detailed account is as follows:

In England

"there was some increase of industrial activity in the second quarter in the year, but the gain was comparatively slight. A marked and very gratifying change, however, took place during the latter half of the year. * * * **The change from a period of constantly falling prices to one of rising prices has had a distinctly inspiriting effect.** * * * Not only did our **agricultural industry** fail to participate in the improvement which extended to most other branches of trade in 1895, but **its condition rather tended to go from bad to worse," for the prices of farm produce fell several points during the year.**[1]

[1]The quotation is from the London Economist of February 22, 1896, and that which follows is from Saurbeck's review of general prices, March number of Statistical Journal.

In Germany

"the question of relieving the distressing condition of agriculture assumed tremendous proportions. * * * The distressing condition of the agrarian population contributed to swell the socialists' ranks in districts where formerly socialism was unknown." A relief measure was brought forward by the socialists. To offset this and "to satisfy the clamor of the agrarians for relief which had been promised by the Government again and again, Emperor Wilhelm called a meeting of a select committee to the State Council at Berlin on March 12, 1895, to inquire into the unfavorable condition of agriculture, its causes, and its remedies. The deliberations of that body lasted ten days, with the result that the socialists' plan of the Government's going into the grain business was declared impracticable, while on the currency question the decision was neither for nor against a gold currency [falling prices]; it simply declared that the investigation of the currency question *might be serviceable.*" [1]

Now let us turn to the agricultural industry in the countries having Stable General Prices.

Business Conditions in Silver Price Countries.

In silver price countries the effect of the rise in the value of gold has been to stimulate the export of wheat to the United Kingdom and decrease the export from gold-using countries.[2] As a consequence of this increase in the exports of farm products and other conditions favorable to railroad earnings, the railroads in Mexico nearly doubled their receipts in five years, 1885 to '90, and the increase has continued; in 1895 the Mexican Central receipts were larger than '94 by over a million dollars.[3]

In the words of Otto Arendt, one of the members of the German Gold and Silver Commission of 1887: "If we look around the world today we find that in gold-standard countries, without an exception, prices are low and production cramped; while **in all silver-standard countries,** WITHOUT AN EXCEPTION, PRICES ARE GOOD AND INDUSTRIES AND AGRICULTURE ARE FLOURISHING. How can this phenomenon be explained otherwise than by the difference of standard? [See also page 377 above.] Take the British and the Dutch Indies. Are they not similarly conditioned? Yet, in spite of that, the

[1] Appleton's Annual for 1895. Title, Germany.

[2] From 1880 to 1894 the export of wheat from silver-using countries to the United Kingdom increased five-fold, while during the same time the exports of wheat from the gold-using countries decreased one-third. (The Philadelphia American, May 16, 1896, Editorial by Wharton Barker.) Same effect, statistics at 136, above.

[3] Mr. Justice Clark, of North Carolina, in the Arena of June, 1896.

price levels and the economic positions of the two countries are quite different, because the Dutch have introduced the gold standard [of prices] and the English have not."[1]

RR. *THE SYNDICATE "PLAYED" THE STOCK MARKET.*

We will now turn and point to you the fact that while the gold exports were taking place in the United States in September, a dispatch from Day & Heaton, New York stock brokers, to Walker & Warren, Chicago, said (Sept. 11): "The market opened with a very disturbed feeling on the gold reserve, and much stock is being sold." The next morning's papers contained the following statement: "In the afternoon a concerted professional attack was made on the granger stocks, forcing much liquidation and *breaking prices heavily.*" *"Not until half an hour before the close,* when the decline was in full swing, *was the $3,000,000 syndicate deposit known to Wall Street.*" "On the announcement that the deposit had been made, the New York stock market *rallied sharply.* There is a suspicion in speculative circles that the syndicate has been 'playing the market,' and that **the withholding of the deposit for so long a time was simply for the purpose of enabling some of its members to make a 'scoop.'"**[2]

This is a fair sample of how the members of the bond syndicate "milked" the market at their will. A few of the great creditors control such quantities of gold that in the management of it they affect the stock market, and so buy and sell with the foreknowledge of what will occur when they export their gold or import it. When necessary to control

[1] British Bimetallist for February, 1896.

[2] The last quotation is from the Inter Ocean market report of September 12; the first one from the Times-Herald of the same date.

The Power of the Bond Syndicate is thus set forth by the editor of Bradstreet in the July Review of Reviews: "The head of this THE GREATEST FINANCIAL SYNDICATE PROBABLY EVER ORGANIZED, Mr. August Belmont, is a young man of agreeable manners, infinite tact and unusual appreciation of what constitutes *haute finance.* **The syndicate is practically a blind pool, with several hundred members, in the United States and abroad** [besides the London and New York houses of Morgan and the Rothschilds], **whose total wealth is probably not less than $600,000,000.** * * *

"The celebrated London banking house of **N. M. Rothschild & Sons,** with connections of that name at Paris, Berlin, Vienna and Frankfort, **represents probably $350,000,000 of capital.** The Frankfort branch is the parent house, but that in London is the most important to-day. The business was established at Frankfort in 1804, the year Napoleon was crowned Emperor, and shortly after a bank was started in London. Every schoolboy remembers the story of the great *coup* by which Rothschild made so many millions through securing advance news of Napoleon's defeat at Waterloo and buying the greatly depressed securities on the London market."

the supply of gold, they combine as they did in 1895, and when necessary they issue paper money in great quantities. Are the People ready to *restore* silver to its old position as a money at its bullion value? And are they ready to place the measure of prices in the United States under the control of the Government?

Congress was to assemble the first week in December. October 12th the Administration through its Secretary of the Treasury opened another campaign for the destruction of the 346 million dollars of greenbacks and 150 million of treasury notes. It was at a Banquet in Boston and the fallacies we have already set forth (page 551, above). When Congress assembled the President delivered the Annual Message.

SS. *CONGRESS ASSEMBLES---WAR ON THE GREENBACKS CONTINUED.*

He reiterated the sophism which he uttered the year before, saying that the cause of the issuance of bonds had not been the lack of revenue but *the existence of the greenbacks and treasury notes.* The fallacy in this position was shown you at page 557, above. He again advocated that all the greenbacks and treasury notes be retired from circulation through the issuance of gold bonds, saying: "The increase in our bonded debt involved in this plan would be amply compensated by renewed activity [?] and enterprise [?] in all business circles, the restored confidence at home [that we should have falling prices], the reinstated faith in our monetary strength abroad and the stimulation of every interest and industry [? ? ?] that would follow the cancellation of the gold-demand obligations now afflicting us [?]."

Nearly three weeks passed by and the Republican Congress was apparently paying no attention to the recommendation of the President and the government's Gold Reserve was down to about 69 million dollars. With things in this condition the President, instead of protecting the business interests by building up the gold reserve, *left it in the reduced condition just mentioned* and gave to the world a message on the Venezuelan question in which **he threatened England with war.** This threat of war, while it produced patriotic outbursts in the United States, **made the continuance of the gold reserve problematical.** This was a natural result, and added to this cause of uncertainty in the business world **there was a concerted attack on the gold reserve and business interests of the United States** BY THE GREAT CREDITORS OF EUROPE, IN THE HOPE THAT THEY COULD FORCE THE RETIREMENT OF THE GREENBACKS AND TREASURY NOTES. They almost succeeded. The leading facts in the order of their occurrence are as follows:

The Gold Reserve and Industry Again Attacked—The President's Inactivity.

Tuesday, December 17, President Cleveland sent to Congress his Venezuelan message in which he took the rightful stand that a commission should be appointed to examine into the case and report, and that "when such report is made and accepted it will, in my opinion, be the duty of the United States to resist by every means in its power, as a willful aggression upon its rights and interests, the appropriation by Great Britain of any lands or the exercise of governmental jurisdiction over any territory which, *after investigation, we have determined of right to belong to Venezuela.* In making these recommendations I am fully alive to the responsibility incurred and keenly realize all the consequences that may follow."

This voiced the sentiment of the public, and the President sprang at once into popularity. **He did not, however, protect the gold reserve and so protect the business interests, but he left it at the low ebb of 69 million dollars, and the creditors of Europe "did the rest."** Thursday—the second day after the President's message had been given to the public—and at the time when the war spirit was at its height, a cablegram announced to this country that the leading moneyed interests of Europe, at a meeting in London, had discussed the question, "Shall all English houses withdraw their credits from America?" On the morning following this conference the result was told in unmistakable language, for **"in London the price of American stocks tumbled as if war had been actually declared. The slogan accompanying the assault** was THE 'UNITED STATES IS GOING TO THE SILVER BASIS.'"[1] As the London market opens five hours before the New York market, through this difference of time, **the war on American securities was well advanced when the New York stock market opened.** At this time the London price of American securities had declined from 1 to 5 points. Is it to be wondered at that "as soon as the gong in the New York Stock Exchange struck the hour of opening there was an attempt on the part of every operator on the floor to sell?"

To add to the effectiveness of the assault by the moneyed interests, **"the banks called in their loans,** and thus added to the complications of the situation. None of the institutions would renew loans at less than 4 per cent, and **many of them would make no renewals at any advance.** To carry stocks along, money was frequently lent at as high a figure as **75 per cent before two o'clock this afternoon.** Fifteen per cent was the lowest taken this afternoon.

[1] Chicago Times-Herald.

"Almost simultaneously with the announcement of the amount of gold to be sent to England came a statement to the effect that Miller, Scholl & Co. will send an additional $600,000 in gold to South America on the next steamer." [1]

This withdrawal of credit on the part of the moneyed interests in New York, representing, among others, the moneyed interests of Europe, was taken in the face of the fact that in the New York banks **"the surplus reserve amounted to $20,000,000."** These figures were given by Frederick D. Tappen, who, we are informed, "was Chairman of the Clearing-House Loan Committee during the last scare," and he said, **"therefore there was no cause for alarm on the score of money."** Is it to be wondered at that speculators and brokers looked for lower prices and that great blocks of stock were closed out and that there should occur a "bear" panic? The *average* decline in stocks for Friday "was 4.7 points"—one of the largest on record. It is doubtful if any day has shown a larger decline extending through the list. Among the *active* stocks, **8 points difference between the closing bid Tuesday and the low point yesterday** [Friday] **was about the run.** * * * A theory that Congress in this war enthusiasm might authorize and issue gold bonds brought a little consolation [to Wall Street creditors]. * * * The fact that no more gold goes to-day was thought in some circles an indication that the bulk of available credits had been exhausted. **"The best feature about the situation,"** continued this Wall Street dispatch, **"was its serious character. It was thought the condition of affairs** MIGHT HAVE SOME EFFECT IN WASHINGTON and perhaps in London. The market closed weak." [2]

The market "closed weak" because **during the afternoon the President, instead of strengthening the gold reserve, as was his plain and bounden duty, sent a message to Congress asking it to retire the greenbacks and treasury notes,** and he said: "I earnestly hope that in default of this you will not take a recess until you have, by legislative action or declaration done something, * * * **I ask at the hands of Congress such prompt aid as** IT ONLY **has power to give."** Here the President, instead of building up the reserve, assisted the creditors of Europe to loot the American people. He uttered a falsehood when he said that "Congress only has the power to give aid." The proof of this is the fact that **the President afterward replenished the reserve without the aid of Congress.** While the President was trying to force legislation, through holding the business interests over the silver precipice at a time when no free coinage law was in force, **the markets went**

[1] Dispatch to the Chicago Times-Herald.

[2] Chicago Times-Herald.

up and down on strength of rumors concerning the treasury reserve. December 26 the market report said: "The confident tone was mainly attributed *to the expectation that the treasury reserve will be strengthened* by the issue of government bonds." On January 3 a New York dispatch said: "The President is reported to stand aloof and is waiting until necessity compels it before bringing out another bond issue. *What 'necessity' means it does not take Wall Street long to make up its mind.* * * * **There are grounds for apprehension that there will be** ANOTHER BITTER OBJECT LESSON **before the country obtains temporary relief from the depletion of the treasury gold reserve."**[1]

Saturday, the day after the President sent his message to Congress, thereby refusing to build up the gold reserve and adopting the tactics which one year before permitted the creditor class to rob the people, **the slump in prices was very great.** "At the extreme low point of the day, the more important declines, compared with the high prices prevailing earlier in the week, were as follows: Consolidated Gas, 24½ points; New Jersey Central, 17⅞; Metropolitan Traction, 16¾; Lead preferred, 16½; Rock Island, 16⅛; Rubber preferred, 16; Pullman, 15¾; St. Paul, 15½; Lake Shore, 14⅞; Burlington, 14⅜; Louisville, 14½; C. C. C. & St. L., 14½; Kansas & Texas, 14⅛."[2] This fall in the prices of stocks was probably never equaled in so short a space of time; a drop of from 15 to 25 per cent out of an apparently "clear sky" was certainly unprecedented. Those "financiers" (?) who brought about this "legal stealing" were the ones to sell at the opening of the "deal" and buy in at bottom prices. **Is it to be wondered at that wealth is rapidly being concentrated in the hands of the few?** How long before the People will provide an Elastic volume of money and so secure Stable Prices?

TT. *REED'S BID FOR THE CONTRACTIONISTS' PRESIDENTIAL SUPPORT.*

The Republican House responded to the President's demand that the greenbacks be retired by holding sessions through the holiday week, and Speaker Reed's Committee on Ways and Means fixed up a bill for the issuance of bonds and providing in it that **the greenbacks,** when received in exchange for gold, *should not be re-issued except in exchange for gold,* **and leaving it to the discretion of the administration as to whether or not they should be re-issued.** The Western Republicans saw that this WAS A SCHEME TO SECURE THE PERMANENT RETIREMENT OF THE GREENBACKS, and, led by Mr. Hopkins, of Aurora, Illinois, they fought the retirement provision.[3] Finally the committee accepted an amendment offered by

[1] Market Report in Chicago-Times Herald, January 4, 1896.

[2] Press Dispatch.

[3] Press Dispatch of December 27.

Mr. Hopkins and reported the bill. It passed the House December 28, **47 Republicans voting against the bill;** 7 of whom were from Ohio, 2 from Michigan, 5 from Kansas, 1 each from Minnesota and Missouri, 2 or 3 from the South and the remainder from the extreme West, with the exception of one from New England. Mr. Hopkins made a short speech indicating his cordial support of the bill as amended by the committee.

UU. *FREE COINAGE IN THE SENATE.*

There was a majority for free coinage at the existing legal ratio in order to stop falling prices, and when the bond bill reached them from the House, they amended it by substituting **a free coinage measure. It passed February 1 by a vote of 42 to 55.** The vote was on territorial rather than party lines—**it was the East against the West.**

The Democrats divided 24 to 15 in favor of free coinage. Those against it consisted of Hill and Murphy, of New York; Smith, of New Jersey; Gorman and Gibson, of Maryland; Gray, of Delaware; Martin, of Virginia; Falkner, of West Virginia; Lindsay, of Kentucky; Caffery, of Louisiana; Mills, of Texas; Palmer, of Chicago; Vilas and Mitchell, of Wisconsin; and Brice, of Ohio.

The Republicans divide 26 to 18 against free coinage. Those in favor of it consisted of Cameron, of Pennsylvania; Pritchard, of North Carolina; and all of the 21 Republicans West of the Missouri, except Baker, of Kansas, Thurston, of Nebraska, and McBride, of Oregon.

The 6 members of the Populist Party supported free coinage.

VV. *FREE COINAGE IN THE HOUSE.*

The Senate free coinage measure was sent over to the House. The debate was closed by Mr. Crisp for the Bimetallists and Mr. Turner for the opposition, both of them Democrats from Georgia.

Among

The Reasons for Free Coinage

set forth by Mr. Crisp is the following: "Bear in mind, Mr. Speaker, **it is not so much a low price of which the world complains as it is** THE CONSTANT FALLING OF PRICES. If prices were somewhat stationary, though low, business might continue. But where they are steadily falling, where the farmer plants his crops on the basis of the then existing price and must sell it at a lower, where the merchants buys goods for his customers and must part with them at a lower price or without profit, there can be no prosperity."

Mr. Turner, in setting forth the reasons for the opposition, **avoided mentioning, as usual, the evil of Falling Prices, and the vote was as usual, the East against the West.**[1]

We will now return to the gold reserve. The bill which passed the House December 28 failed to provide for the retirement of the greenbacks, thus thwarting the Contractionists.

WW. *CONTRACTIONISTS THWARTED.—MORE BONDS ISSUED.*

The administration then "informally opened negotiations with J. P. Morgan & Company [the head of the former bond syndicate] for the purchase of 11,500,000 ounces of gold [200,000,000 dollars] deliverable one half promptly and the remainder at the option of the government, to be paid for by the issue of about 202 million dollars of 4 per cent. 30 year bonds."[2]

This effort of the administration to again sell bonds at private sale to a syndicate at a figure, way, way below the market price brought forth such a storm of opposition that the Secretary of Treasury issued on January 6th a circular inviting proposals for 100 million dollars of 4 per cent 30 year bonds in denominations of 50 dollars and multiples of that sum. The bids received amounted to **$568,259,850 of bonds.** The Morgan syndicate bid was for the whole issue at 110.6877. **This was about 6 per cent more than the syndicate would have paid at private sale and besides there were 780 bids at prices higher than the bid made by the syndicate.**

While the Contractionists did not succeed in securing the passage of a law for the retirement of the greenbacks, they have to a great extent accomplished their end *through disobeying the law*, which provides that the greenback when received by the Government in exchange for gold shall be "paid out again and kept in circulation."

XX. *THE LATEST SCHEME FOR RETIRING THE GREENBACKS.*

There is at present (March, '96) 105,000,000 dollars of greenbacks and treasury notes in the possession of the Government received in exchange for gold. The Executive Department of the Government keeps them in the U. S. Treasury in the face of the direct mandate of the people that **they shall be "paid out again and kept in circulation."** On this point Senator John Sherman in an interview by "Gath," March

[1] For the Restoration of Silver, 58 Republicans, 25 Democrats and 7 Populists. Against the measure there were 31 Democrats and 184 Republicans.

[2] James P. Carey, formerly financial editor of the New York Journal of Commerce, in Appleton's Annual for 1895, title, Financial Review.

19, said: "They [the Democratic Administration] have at last discovered that they need not pay the greenbacks out. I told them that a good while ago in my speech, but they thought that they had not the power to retain them when once paid out."

The above is **the latest scheme for the retirement of the greenbacks as "hatched" by John Sherman, Cleveland and the other "tools" of Lombard and Wall Street.** (See illustration on next page.) Banker Henry Clewes of Wall Street, in a market report of March 23, sets forth this plan for contracting the currency and exultingly said: **"Only 160 million dollars [of Government paper money] remains for other treatment or offset.** [The gold and silver in the treasury offsetting the rest of the U. S. paper money.] It will be seen how much better position the finances are in for dealing with the legal tender than is generally supposed. In this situation of affairs **it becomes a very interesting question how long it will take for the treasury to gain control of this balance of $160,000,000 of notes** THROUGH THE CURRENT PROCESS OF CONVERSIONS. If the exchange of notes [paper money] for gold were continued at the average rate of the two last years, $140,000,000 of this residue would be in the control of the treasury in spring of 1897—assuming that the income of the government covers its expenses."

Fellow citizens! does not the foregoing show, in part, how necessary it is for the people of the United States to retake the government from the control of the great creditor class—the bondholders of this country and of Europe.

We will now set forth another portion of the scheme concerning the government paper money: It is to get a Supreme Court which will

YY. *REVERSE THE LEGAL TENDER DECISIONS.*

by declaring that the United States Government has no power to issue paper money in times of peace. I am informed that Mr. Justice White, who was recently appointed, is in favor of reversing this decision and there is little doubt that the more recently appointed Justice from New York—Mr. Peckham—can be relied upon by the moneyed interests to vote the same way. (See illustration page 620.)

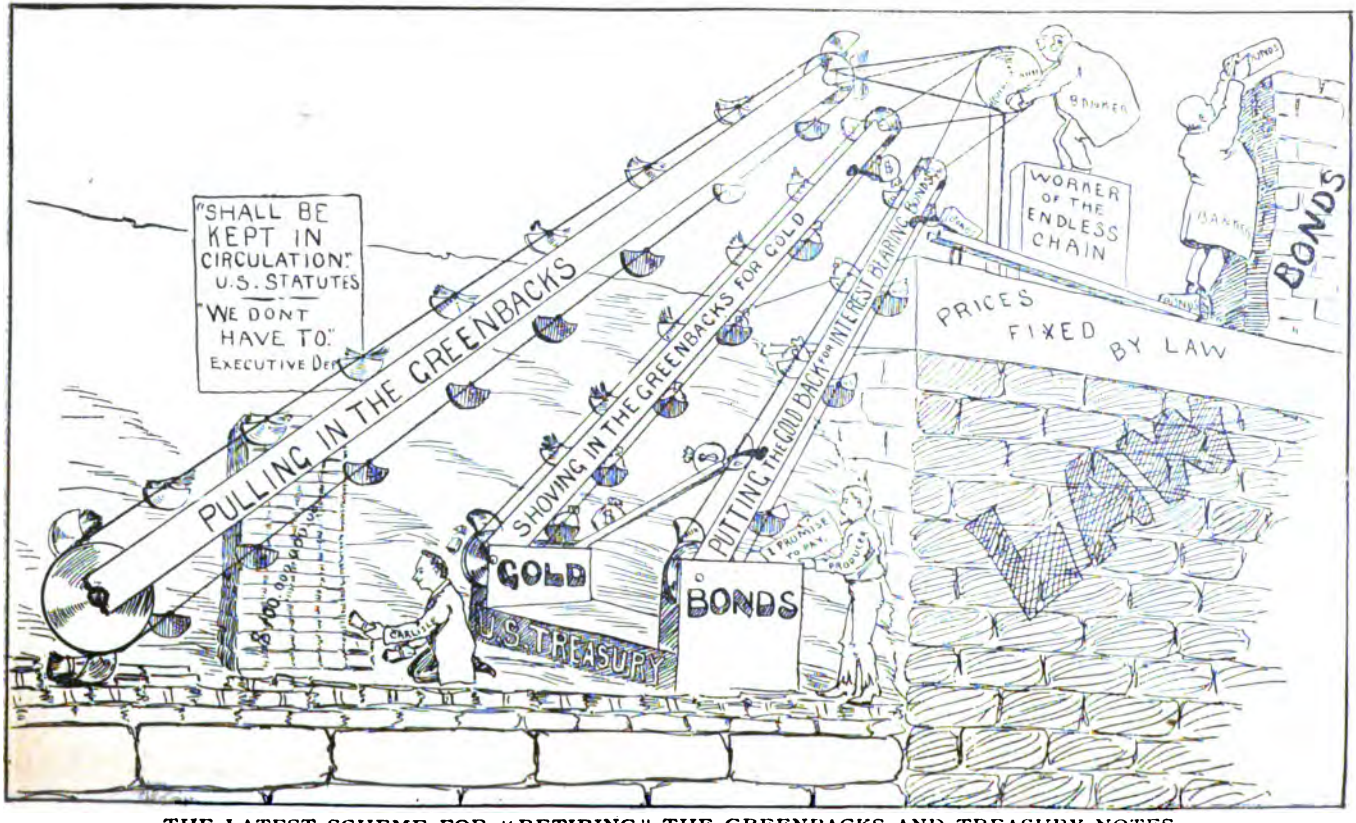
Will the bankers succeed in carrying out either of these plans or both of them?

If they do so succeed will it not result in a "gold standard" revolution of physical violence?

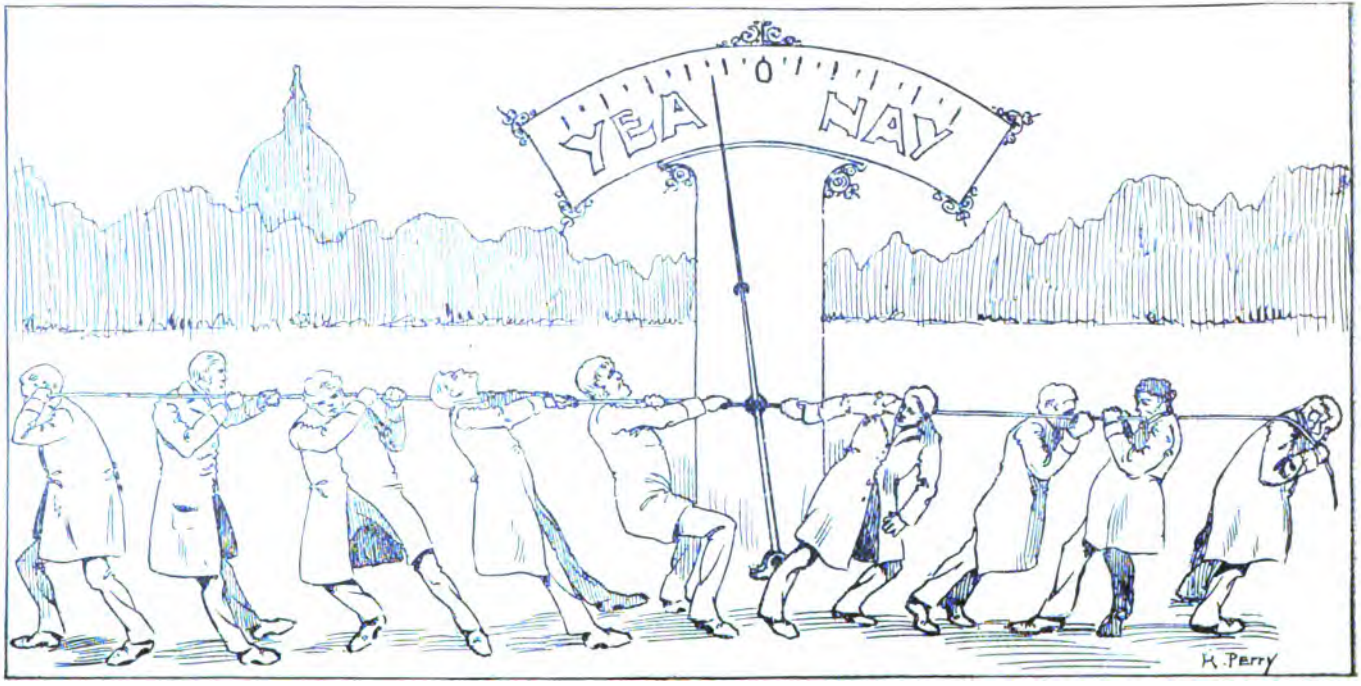
I will now direct your attention to the tariff discussion.

ZZ. *DEFICIENCY TARIFF BILL.*

The Democratic Wilson Tariff Bill had in it a provision for an in-



THE LATEST SCHEME FOR "RETIRING" THE GREENBACKS AND TREASURY NOTES.



THE WAY THE SUPREME COURT NOW STANDS.

The above is said to be the position of the United States Supreme Court on the question, Does the Constitution give to the People, through their General Government, the power to issue paper money to themselves in times of peace?

come tax and a tax on certain corporations, but these provisions were declared unconstitutional by the supreme court. With this provision of the bill stricken out there followed, of course, a deficiency in the revenues of the Government. To supply this the Republican House passed a tariff bill providing for *a horizontal advance of 15 per cent.* This would have provided sufficient revenue *along the lines of the Wilson Bill* (a moderate protective tariff bill and so characterized by President Cleveland at the time of its passage). As President Cleveland had refused to sign the Wilson Bill and had called it hard names, there was no hope that he would sign this bill even should it pass the Senate, and besides this he had stoutly denied that there was any need of additional revenue. **The bill,** then, **was to be simply a campaign document. Should it pass the Senate and be vetoed by the President it would tend to make the tariff an issue in the election and** SO TEND TO SIDETRACK THE MONEY QUESTION. The free silver senators understood the "game" which the opposition were attempting to play and as they were in the majority in the Senate, they "killed" the tariff bill by bringing in a free coinage substitute *by way of an amendment.* Senator Teller thus explained the situation: "This [tariff] bill was never introduced in either body, nor has it been supported in this body, with any reference to its becoming a law. It was not intended that it should become a law. * * *

"It was said publicly that it was not expected to pass; it was said publicly that it was for the purpose of political gain and political advantage. **It is a play, Mr. President, which is degrading to the American Senate and degrading to any member of the party to which I claim to belong [the Republican party] who shall take part in it.**" This was said on the floor of the Senate February 25, and was in answer to the accusation of Senators Morrill of Vermont and Sherman of Ohio that those who voted against taking up the bill were not Republicans.

AAA. *THE AMERICAN BIMETALLIC PARTY AGAIN MEET.*

January 23 of this year ('96) the leading members of the American Bimetallic Party again held a conference in Washington. Members were present from practically all the States and it was decided to put a National ticket in the field for the approaching presidential campaign and to hold the nominating convention in St. Louis July 22. A National Committee was selected with Dr. J. J. Mott, of North Carolina, as Chairman. The Committee on Resolutions made a report, the greater portion of which is set forth at page 148, above.

BBB. *NATIONAL FARMERS' ALLIANCE MEET.*

February 4 the Supreme Council of the National Farmers' Alliance and Industrial Union held its tenth annual meeting in Washington, D.C.

"The reports from the Secretary of the Treasury and from the Executive Committee gave evidence that the numerical and financial condition of the organization had improved very much during the past year." They set forth a declaration of principles in which the "subtreasury plan" did not appear nor was there a demand for an increase in the amount of paper money, but they **came out squarely for the "free and unlimited coinage of silver and gold at the present legal ratio of 16 to 1."**

In the order of time we have reached the spring of this year ('96) and will now note

CCC. *THE CONTEST FOR THE REPUBLICAN NOMINATION.*

On the anniversary of Lincoln's birth (Feb. 12) Major McKinley, at the invitation of the Marquette Club, of Chicago, delivered an oration on "Abraham Lincoln." But instead of devoting it to the subject in hand he turned it into a campaign speech, using the glory of Lincoln's Republicanism to bolster up the claims of those who have captured the name "Republican Party." Making it as he did a campaign speech he had to touch upon the money question, and he said: "The Republican party stands now as ever for honest money and a chance to earn it by honest toil. It stands for a currency of gold, silver and paper, with which to measure our exchanges, that shall be as sound as the Government and as untarnished as its honor." This platitude, to which all agree, he uttered and continued: "The Republican party would as soon think of lowering the flag of our country as to contemplate with patience, or without protest and opposition, any attempt *to degrade* or corrupt *the medium of exchanges among our people.*" Here he plainly shows "the cloven foot!" "To degrade" the medium of exchange simply means *to lessen* the exchange value of money—**to raise the prices of commodities**—AND THIS HE TELLS US THE REPUBLICAN PARTY IS AGAINST. With this statement of his position he went before the country asking that he be nominated for President by the Republican party. Wisconsin took him at his word and declared for a continuance of the gold standard of prices, March 18th,[1] and instructed her delegates

[1] REPUBLICAN FINANCIAL PLANKS.

Wisconsin.

"The Republicans of Wisconsin are unyielding in their demand for honest money. **We are unalterably opposed to any policy that will give to this country a depreciated or debased currency [rises in general prices].** We favor the use of silver as currency to the extent only and under such restrictions that its parity with **gold** can be maintained."

Indiana and Missouri.

"We are firm and emphatic in our demand for honest money. We believe that our money should not be inferior to the money of the most enlightened nations of the earth. [A platitude.] **We are unalterably opposed to any**

scheme that threatens to debase or **depreciate our currency [raise general prices].** We favor the use of silver as a currency, but to the extent only and under such regulations that its parity with **gold** can be maintained, and in consequence are opposed to the free and unlimited and independent coinage of silver at a ratio of 16 to 1."

Illinois.

"We are unyielding and emphatic in our demand for honest money. **We are opposed,** as we ever have been, **to any scheme that will give to this country a currency in any way depreciated [that will raise general prices];** or debased, or in any respect inferior to the money of the most advanced and intelligent nations of the earth. We favor the use of silver as currency to the extent only and under such regulations that its parity with **gold** can be maintained."

Tennessee.

"We are **unalterably opposed to any scheme that will give to this country a depreciated** and debased **currency; [that will raise general prices]** we favor the use of silver as currency, but to the extent only that its parity with gold will be maintained, and in consequence are opposed to a free and unlimited and independent coinage of silver at a ratio of 16 to 1; we believe that every American dollar should be an honest one-hundred-cent dollar always and everywhere."

In all the above States **the McKinley managers controlled the conventions and dictated the financial planks.** General Grosvenor was the manager next in rank to Mark Hanna. Furthermore, May 11th he stated to the public that **the attacks in the East upon the Ohio man's financial views were unfounded.** He said:

McKinley's Record.

"The Indiana Republicans adopted a currency plank which has been commended all over the country for its soundness and explicitness." And General Grosvenor continued: "To show how absurd is all the chatter about Mr. McKinley's 'unsoundness' it is only necessary to compare the Indiana platform, which has been highly praised *in the East*, with Major McKinley's utterances. It will be seen that **the Indiana platform is taken substantially verbatim from Mr. McKinley's own declarations, and that was the understanding of the men who framed it. There is not a single line in that platform that has not been repeated by Mr. McKinley for more than six years, and here are the deadly parallel columns to which I invite the attention of his enemies East, West, North and South.**

[Indiana platform, 1896.]	[Mr. McKinley's utterances.]
We are firm and emphatic in our demand for honest money.	The republican party stands, now as ever, for honest money. (Speech before Marquette Club, Chicago, Feb. 12, 1896.)
We believe that our money should not be inferior to the money of the most enlightened nations of the earth.	My voice and influence are in favor of the best money that the ingenuity of man has devised. (Speech in reply to ex-Governor Campbell, Ohio campaign, 1893.)
We are unalterably opposed to any scheme that threatens **to debase or depreciate our currency.**	The Republican party would as soon think of lowering the flag of our country as to contemplate with patience any attempt to **degrade** or corrupt **the medium of exchange.** (Marquette Club speech, Feb. 12, 1896.)
We favor the use of silver as currency, but to the extent only and under such regulations that its **parity with gold** can be maintained.	Those of us who believe in conservative legislation want to utilize both metals. * * * Whatever dollars we have in this country must be * * * equal in inherent merit, equal in purchasing power, whether they be paper dollars or gold dollars or silver or treasury notes, each convertible into the other. (Speech in fifty-first Congress.)
And, in consequence, we are opposed to the free, unlimited and independent coinage of silver at a ratio of 16 to 1.	The people are not prepared to indulge in the speculation of free and unlimited coinage. (Reply to ex-Governor Campbell.)

"It will not be forgotten by the sound money men of the United States," concluded General Grosvenor, "that Ohio has ever been the leader and champion of honest money. It was Ohio which,

at large to vote for Major McKinley as Wisconsin's choice for Republican Presidential nominee. Six days later the Chicago Times-Herald, one of the most ardent McKinley papers, came out in an editorial in which the following was placed in black faced type: "The Times-Herald is not committed to any candidate or any party and **will not support for the presidency any man who is not an advocate of honest money.**" The term "honest money" is here used to mean "gold standard," for the editorial was written to prove "the Times-Herald's assertion that **McKinley is unequivocally in favor of the gold standard.**" This was said in the opening paragraph of the editorial. That Editor Kohlsaat knew whereof he spoke is evidenced by the fact that he shortly before that time met Major McKinley at Thomasville, Georgia, and McKinley came out squarely for the gold standard of prices.

Of course it would not do for the Wall Street creditors to urge McKinley as their nominee, for if they did the people could not be made to believe that he was a Bimetallist—for Bimetallic Prices. A case similar to this occurred in 1893 when Cleveland and the Bankers conducted a "Punch and Judy" show, Cleveland making to them offers for gold which they could not accept and they making to him offers which he could not accept. Of this the Bankers' Magazine (June, '93) remarked: "That the Administration does not propose to surrender to Wall Street is evident. Nothing would be more fatal to the prospects of repealing the silver law, which was enacted in the interest of the West and the South, than have their representatives in Congress *get an idea that the administration and the treasury* **are under the control of the gold or single standard interests of the East** and again raise the sectional issue." **And so it was three years after; the Wall Street Creditors put forward as their candidate Governor Morton, of New York, a banker and an outspoken advocate of the gold standard, and they accused Major McKinley of being a Bimetallist.** Then when a majority of delegates were secured for McKinley[1] there was a concerted

under Governor Hayes, led the battle for honest money in 1875, and won the first victory, and while Maine [Blaine's State] was twice carried by inflationists and greenbackers, Ohio turned back the tide of battle and elected Hayes Governor and President, **honored John Sherman with the office of secretary of of the treasury,** resumed specie payments **and saved the nation from depreciated currency** [higher prices for commodities], and in all that struggle Mr. McKinley was the leader and champion of honest money." (Washington Press Dispatch of May 11.)

[1] Showing that the bankers throughout the country were active in helping to select McKinley delegates is the following:

"THE AMERICAN BANKERS' ASSOCIATION.
2 WALL STREET AND 90-94 BROADWAY,
NEW YORK, MARCH 23, 1896.

To the Bankers of the United States:

At a meeting of the Executive Council of the American Bankers' Association, held in this city on March 11, 1896, the following declaration was made by unanimous vote:

"The Executive Council of the Ameri-

attempt in New York to have McKinley come out squarely for a gold standard, and the furore they raised about the middle of May was very great. **Prominent gold standard men called upon McKinley and afterward said that** ALL DOUBT AS TO HIS "SOUNDNESS" WAS REMOVED,[1] and May 19 the officers of twelve banks in Syracuse, N. Y., came out with this: "We, the undersigned, representatives of the banking interests of Syracuse, N. Y., believing that the efforts of some politicians to array the financial interests of the country against Hon. William McKinley have a tendency to unsettle business, hereby protest against such a course as detrimental, unwise and *unwarranted.*"

In addition to all this **John Sherman came out and declared that McKinley was for "sound money,"**[2] and the Chicago Times-Herald showed that Mark Hanna, McKinley's Manager, "was, in 1888, a delegate to the National Republican Convention, where **he championed the interests of John Sherman, for whom he has always had a strong friendship, both personally and politically,**" and the article continued by speaking of "his adoption of **Governor McKinley as the successor**

can Bankers' Association declare unequivocally in favor of the maintenance of the existing gold standard of value [prices] and recommend to all bankers and to the customers of all banks **the exercise of** ALL **of their influence** as citizens in their various states TO SELECT DELEGATES TO THE POLITICAL CONVENTIONS OF BOTH THE GREAT PARTIES who will declare unequivocally in favor of the maintenance of the existing gold standard of value [prices].

"**Your influence is earnestly requested to give** PRACTICAL EFFECT to this action.

EUGENE H. PULLEN, President.
JAMES R. BRANCH, Secretary.
JOSEPH C. HENDRIX,
Chairman Executive Council."

May 27, 1896, Senator Butler, of North Carolina, had the above read by the clerk of the Senate and it appears in the Congressional Record of that date.

[1] "New York, May 11.—Special Telegram.—Russell A. Alger, ex-Governor of Michigan, who is mentioned as probably next Secretary of War, arrived here to-day *direct from Canton, where he had a talk with Major McKinley.* A rumor reached here before him that he was coming to assure capitalists and Eastern politicians that McKinley is all right on 'sound money.' General Alger, however, denied that he is McKinley's financial advance agent or emissary. He did not deny, however, that he had talked with McKinley in regard to the financial question. "Major McKinley is all right on the money question," he said, "as his speeches will show. * * * **The Major is 'sound' on the money question, and he will** make a 'safe' **President. It will be a** sound-money **platform at St. Louis, and** one that we **all can stand upon** and support **heartily.**"

[2] "Senator John Sherman in a recent interview expressed his conviction that McKinley would be nominated and elected, and that this outcome *would be satisfactory to himself.* As Senator Sherman would not have expressed himself in this explicit manner unless he had been satisfied that McKinley was sound on the money question, and that his administration would maintain the single gold standard, **his utterance is invested with more than** ordinary **significance.** (Over.)

of Mr. Sherman in his friendship."[1] During May the Chicago Times-Herald brought out a full-length portrait of John Sherman and named him for McKinley's Secretary of State.

That the Great Creditors were, in reality, *not against McKinley* is further evidenced by the fact that they did not work against him until *after he had a majority of the delegates*, **and then it was simply "talk." Compare this with the way they worked against James G. Blaine—a real enemy of the gold standard.** During the winter they began "investigating" him with their congressional committee tools, putting in circulation against him lie after lie, and then putting an investigating committee on each one *with instructions to not report until after the meeting of the Republican National Convention* (page 324, above), and in 1880 they called conventions *in February* in order to defeat him (page 390, above), and in 1884 for the purpose of organizing a bolt **called a convention in the preceding December** (page 421, above).

In addition to the fact that the Beneficiaries of Falling Prices are supporting McKinley is the further fact that he has been boomed by the High Protectionists.

CCC. *HIGH PROTECTIONISTS BOOM McKINLEY.*

Tom Reed stood for a Moderate Protection and discountenanced the idea of putting back the high McKinley tariff. This did not suit many of the manufacturers, and events showed that they "dropped" Reed and boomed McKinley, and this, too, with *money* as well as voice. The Secretary of the American Protective Tariff League, after there had been secured for McKinley a majority of the delegates, stated that he was their candidate. Mr. Hanna, the manager for McKinley, is a high protectionist. Concerning the length of time they have been working for a reinstatement of the high McKinley tariff, Senator Cullom, of Illinois, a Republican, in March, '96, said: **"They have been at work for him in Illinois for more than two years, and have been very ac-**

"No man **has higher authority to speak upon this important question than Senator Sherman.** His utterances will be accepted with more satisfaction than those of the McKinley managers, who are acting from purely political motives, or the declarations of the State Convention, which was manipulated by the same managers in the interests of their candidate, and which adopted a platform intended not alone to advance his interests, but to catch votes in certain doubtful sections. Whatever Senator Sherman says will carry more weight with it, so far as it relates to the financial question, than the aggregate voice of all the McKinley managers or the uncertain plank upon which the candidate stands."

"It is reported and believed that if McKinley is elected he will appoint John Sherman Secretary of the Treasury." (Chicago Tribune Editorial, April 3, 1896.)

[1] Times-Herald of May 18, 1896.

tively at work for the last two months. They have their agents tramping around and organizing McKinley clubs, and doing everything in their power to make the State solid for McKinley. There has been a large amount of money spent in Illinois by McKinley workers, and it is not easy to break up the schemes which have been set up for him. In my opinion McKinley is less qualified for the office than any other conspicuous candidate. He has less courage, less knowledge of national and international affairs than either of the others. Somehow people have got the notion that he alone is responsible for the so-called McKinley tariff; that he made it himself; and that he alone brought about reciprocity. The truth is that McKinley fought reciprocity with all his might until forced to surrender."[1]

As to the use of money to secure the nomination of McKinley it is to be borne in mind that he made an assignment for the benefit of creditors while Governor of Ohio in the year 1894 (I think that was the year). Great sums of money, however, were used to get McKinley delegates, and it called out from Senator Chandler of New Hampshire (a Republican) the following statement, March, '96:

"A Boodle Canvass From Start to Finish."

"It has been very seldom that I have heard more indignation expressed on any minor subject of politics than within the last few days, as information has come as to the extent to which levies upon protected interests of the East are being made in the interest of Governor McKinley's candidacy. Messrs. Allison and Reed were quite as important factors as Mr. McKinley in the handling of the bill of 1890, and Mr. Allison is certainly Mr. McKinley's superior in a knowledge of the necessary details which enter into the problem of a revenue by tariff duties. Conceding, however, that if a high protection candidate is to be desired, Mr. McKinley's claim to that title is sound, it is a very different thing for his supporters to propose to carry on his canvass for the favor of delegates by begging money from the manufacturers of the West and East and everywhere else, to be expended in manipulating State Conventions.

"It is beginning to be believed that the McKinley movement IS TO BE A BOODLE CANVASS FROM START TO FINISH. This belief will be injurious to Mr. McKinley; it will be still more injurious to the Republican party, especially if Mr. McKinley is nominated. The issue will be made by our opponents, whether we are to have a president who was nominated by 'fat-frying' by the money of millionaire manufacturers, and is to be elected by similar corrupt methods applied to the suffrage in the States."[2]

[1] Public Opinion, March 26, 1896.

[2] Public Opinion, March 26, 1896.

Let us turn for a moment and examine "Protection" and its relation to the Money Question: March 19th there was held in Washington a conference between Eastern manufacturers and the Republican Senators who had voted for free silver and against the consideration of the House tariff bill. The Senators set forth existing conditions, showing that Bimetallism and Protection *constitute an indivisible issue.*

DDD. *BIMETALLISM AND PROTECTION AN INDIVISIBLE ISSUE.*

The tariff duties cannot be made high enough to protect American workingmen and manufacturers if the country remains on the gold basis. for **the rise in the value of gold gives the Japanese a bounty on their exports** (same effect page 142, above), **and a bounty on the exports of agricultural produce from all silver-using countries** (page 133, above). To this President Dorman, of the Manufacturers' Club of Philadelphia, agreed, as did also most of the manufacturers present. The editor of "The American" of Philadelphia (Mr. Wharton Barker) was present, and stated that he had in his paper set forth these facts, and that manufacturers and farmers were rapidly getting their eyes opened. (Same effect page 610, above.)[1]

[1] A report of the Conference said: "President Dorman, of the Manufacturers' Club of Philadelphia, expressed the opinion that the tariff duties could not be made high enough to protect our manufacturers if our country remained on a gold basis [gold prices]. Mr. James Dobson came out unqualifiedly for free coinage by international agreement, if possible, otherwise by independent action. He believed that independent action would induce international action."

Very shortly after this conference Mr. Wharton Barker, editor of the Philadelphia American, published the following declaration in favor of such a policy, over the signatures of sixteen Republican Senators:

"WHEREAS, The difference of exchange between silver-standard countries and gold-standard countries is equivalent to **a bounty of 100 per cent on the products of the silver-standard countries;** and

"WHEREAS, The cost of production in the Old World, and particularly in China and Japan, is less than products can be produced or manufactured in this country by American labor, **without reducing our farmers, miners, mechanics, manufacturers and industrial workers to the level of Chinese coolies,** therefore, be it

Resolved, That we are in favor of rescuing the people of the United States from such impending danger by REMOVING THE DIFFERENCE OF EXCHANGE BETWEEN GOLD-STANDARD COUNTRIES AND SILVER-STANDARD COUNTRIES BY THE ONLY METHOD POSSIBLE, WHICH IS THE FREE AND UNLIMITED COINAGE OF SILVER AT THE RATIO OF 16 to 1 BY THE INDEPENDENT ACTION OF THE UNITED STATES; and we are in favor of a tariff which shall be sufficient to equalize the cost of production in the United States and in European and Asiatic countries, and that the protection incident to such tariff shall be equally distributed in every section of the United States and between the various products and industries of each State." (Over.)

People see that an increase in the value of silver *will reverse conditions and give us an advantage.* For example, **in 1890 the effect of the increased use of silver** in the United States was to check the exports of raw materials and manufactures from the silver-using countries[1] and so increase the demand for American products. On this point the New York Sun of August 21, 1890, called attention to "the advance in the gold prices of silver from 94 cents to $1.20 per ounce," and said that it would increase the demand for American Cotton so as to raise the price at least 2 cents per pound, thus adding "$10 per bale to the value of the exportable surplus of cotton, and so the country would receive from Europe $50,000,000 more than it would receive with a continuation of the old conditions. The same calculation applies relatively to our surplus wheat and oil. We believe it will be found that **this increased value of silver provides the true protection to our agriculturists [and manufacturers]**. And the inferences to be drawn from these facts are plain. Given $100,000,000 more in the pocket of our farmers and it is safe to argue that **an activity such as we have not witnessed in years in this country must follow in the lines and ramifications of business."**

The beneficent effect which flowed from the increased use of silver *was largely offset by the increased demand for gold in Europe* (page 460 above). **The good effects which flowed from the Congressional legislation of 1890 were more largely due to the increased volume of money than the High McKinley Tariff.** THE REPUBLICAN DEFEAT OF 1891-2 WAS DUE TO THE McKINLEY TARIFF LAW. In the **words of Tom Reed,** we found a hundred counters [with a "mark up" in prices said to have been caused by the McKinley bill] against one stump. Every woman who went to a store and tried to buy went home to complain, and a wild unrest filled the public mind. **The wonder is**

Banker Frewen's Opinion.

May 10, 1896, Sir Moreton Frewen, the English banker and financier, said: "Since 1873 we have so legislated to depress the price of silver that 800,000,000 of Asiatics are able to buy silver—their silver money—at about half price, these hordes of Orientals selling their products in Europe for the gold sovereign; that **sovereign now sends them back, when exchanged into silver,** twice AS MANY RUPEES OR TAELS OR YENS OR DOLLARS AS WAS THE CASE TWENTY YEARS AGO, **and meanwhile all the evidence shows conclusively that the value, the purchasing power, of the Indian rupee, of the Chinese tael, of the Japanese yen,** of the dollar of the Malay peninsula, IS SOMEWHAT REDUCED. THIS IS, I BELIEVE, A BURDEN TOO GRIEVOUS TO BE BORNE BY THE INDUSTRIES OF COMPETING WHITE MEN, although the press of the great "creditor nation," England, and equally of the great creditor State, New York, revels in objections to this, the evident and rational explanation of our present troubles." (Letter to Hon. R. P. Bland.)

[1] Appleton's Annual for 1891, title India, says: "The actual and expected action of the American Congress caused the price of silver to rise in 1890-91, from 43⅞ pence an ounce to 54⅜

that we got any votes at all. In 1892 we had the remains of our great defeat of 1890 to contend with." [1] See illustration, page 634, below.

In the conference of May 19, '96, above mentioned, it was pointed out that Bimetallism will *do more than protect our workingmen and manufacturers,* **for it will Actively Build Up Our Industries through the beneficient effect of rising and then stable prices.**

Stated differently, we may say that "**Protection to American Industries**" and "**Gold Monometallism**" ARE CONTRADICTORY TERMS, for the falling prices of the gold standard and the division of the world commercially *injures* American industries. "The Goths and Vandals who pillaged and subjugated Rome never carried off one iota of the spoils that our British creditors and European customers have silently pilfered from us under this malignant and diabolical law which filched from the producer one-half the price of his commodities without a shadow of 'value received' by stealing from silver its money function. *It was a triumph of British diplomacy and the practical subjugation of the United States.* **If the tariff is not to protect the farmer, the planter, the miner, the stock-raiser, the wool-grower and workingman, in God's name who is it to protect?** THERE IS NOBODY LEFT TO PROTECT." [2] (See illustrations on next three pages.)

Opposed to those who advocate "Bimetallism and Protection" we now have a party whose motto is

"Protection and Gold Monometallism."[3]

But the history of its principal supporters shows that first, foremost, and all the time **they are for the enrichment of the creditor classes** AND THEREFORE OPPOSED TO THE PRODUCING CLASSES. Their advocacy of a "protective tariff" **is to carry with them enough of the producing classes to carry the election.** These Tories of Wall Street and Great Creditors of Europe who are putting their money into this campaign believe that there is sufficient potency in the grand old name "Repub-

pence. * * * *It checked exports and stimulated imports of merchandise.*

[1] North American Review, January, 1895, page 114.

[2] L. E. Perkins in the National Bimetallist of February 26, 1896.

[3] The National Republican Convention of 1896 declared:

"We renew and emphasize our allegiance to the Policy of Protection [raising the prices of a *few imports*] **as the bulwark of American industrial independence and the foundation of American development and prosperity.** * * *

"We are unalterably opposed to every measure calculated to Debase Our Currency [raise general prices] or impair the credit of our country. We are, therefore, opposed to the free coinage of silver, except by international agreement with the leading commercial nations of the world which we pledge ourselves to promote, and until such agreement can be obtained **the existing gold standard** MUST be preserved."

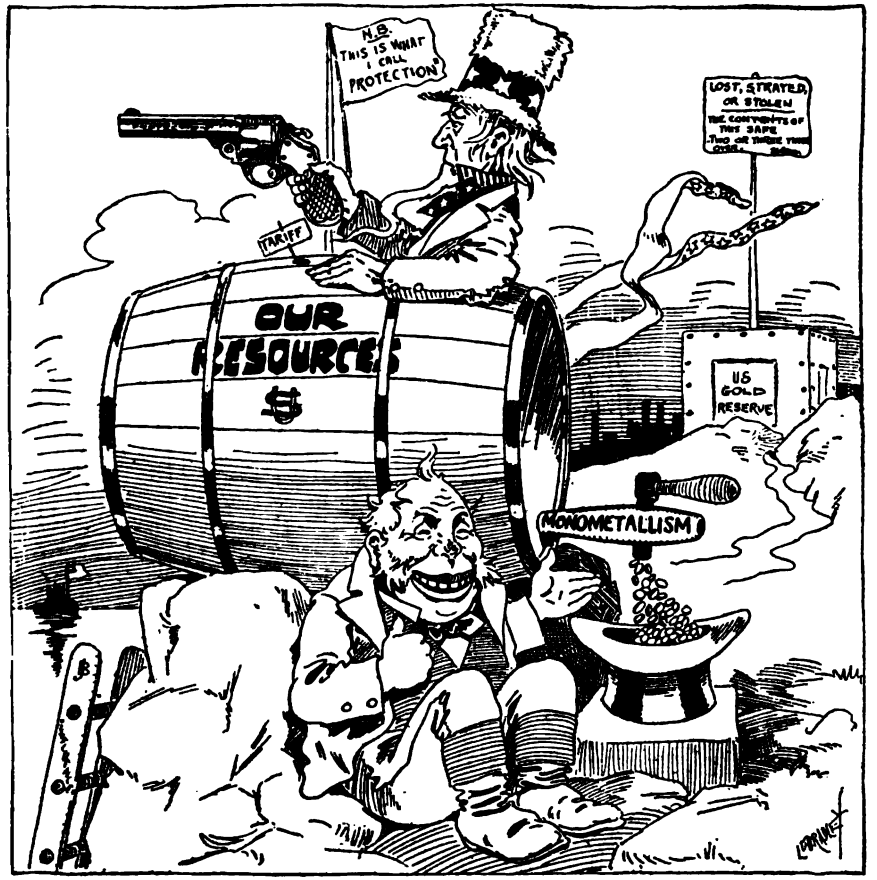
lican Party" *to carry with it enough voters to continue the gold standard,* **trusting that voters cannot be made to see that the party of Lincoln and of Blaine has been captured by their enemy** AND TURNED AGAINST THE PRINCIPLES FOR WHICH THE REPUBLICAN PARTY HAVE ALWAYS STOOD, NAMELY, LIBERTY AND EQUALITY BEFORE THE LAW. Lincoln and Blaine Republicans, arouse ye, and smite the common foe to Republicanism and true Democracy and recapture, ere the next national election, our banner now held aloft by an unscrupulous charlatan unworthy the appellation of even "Napoleon"—that most selfish of European Monarchs. Never before has the National Republican Party declared for the Gold Standard with its Falling Prices, and Division of the World Commercially. In 1892 it said "The American people from tradition *and interest* (see page 59, above) favor bimetallism and **the Republican party demands the use of both gold** AND SILVER AS STANDARD MONEY [money depending "solely upon the value of the material contained in it," Jevons]. Senators Teller, of Colorado, and Jones, of Nevada, helped to draft this platform—a platform in which there is nothing inconsistent with a 16 to 1 law by the United States.[1] You Republicans of Ohio, Indiana, Illinois, Michigan, Iowa, and Wisconsin voted for the Teller platform in 1892, **and you can vote for the Teller platform in 1896,** ONLY IT IS TO BE UNDER A NAME OTHER THAN "REPUBLICAN," FOR THAT NAME HAS BEEN TAKEN BY THE VERY ENEMY WHICH THE PLATFORM OF '92 WAS AIMED AT. UP AND AT THEM!

EEE. ***LINCOLN-BLAINE REPUBLICANS, JEFFERSON-JACKSON DEMOCRATS.***

The Republicans who in 1878 believed with Blaine that "the gold standard would produce disaster throughout the commercial world," and who had found the prophecy to come true, were in 1895 and this year ('96) obliged to either give up their opposition to the gold standard of

[1] The "plank" in full is as follows: "The American people, from tradition and interest, favor bimetallism, and the Republican party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals, so that the purchasing and debt-paying power of the dollar, whether of silver, gold or paper, *shall be at all times equal.* [This will be secured by a free coinage law at the present legal ratio; page 650, below.] The interests of the producers of the country, its farmers and its workingmen, demand that every dollar, paper or coin, issued by the Government, shall be as good as any other. We commend the wise and patriotic steps already taken by our Government to secure an international conference to adopt such measures as will insure a parity of value between gold and silver for use as money throughout the world."

THE "MONEY QUESTION" IS A QUESTION OF "GENERAL PRICES" AS THEY AFFECT THE CITIZENS OF THE UNITED STATES, WHILE A "PROTECTIVE" TARIFF SIMPLY RAISES THE PRICES OF A FEW IMPORTS—IT IS ONLY A SMALL PIECE OF A LARGE QUESTION.



"SAVING AT THE BUNG AND WASTING AT THE SPIGOT."

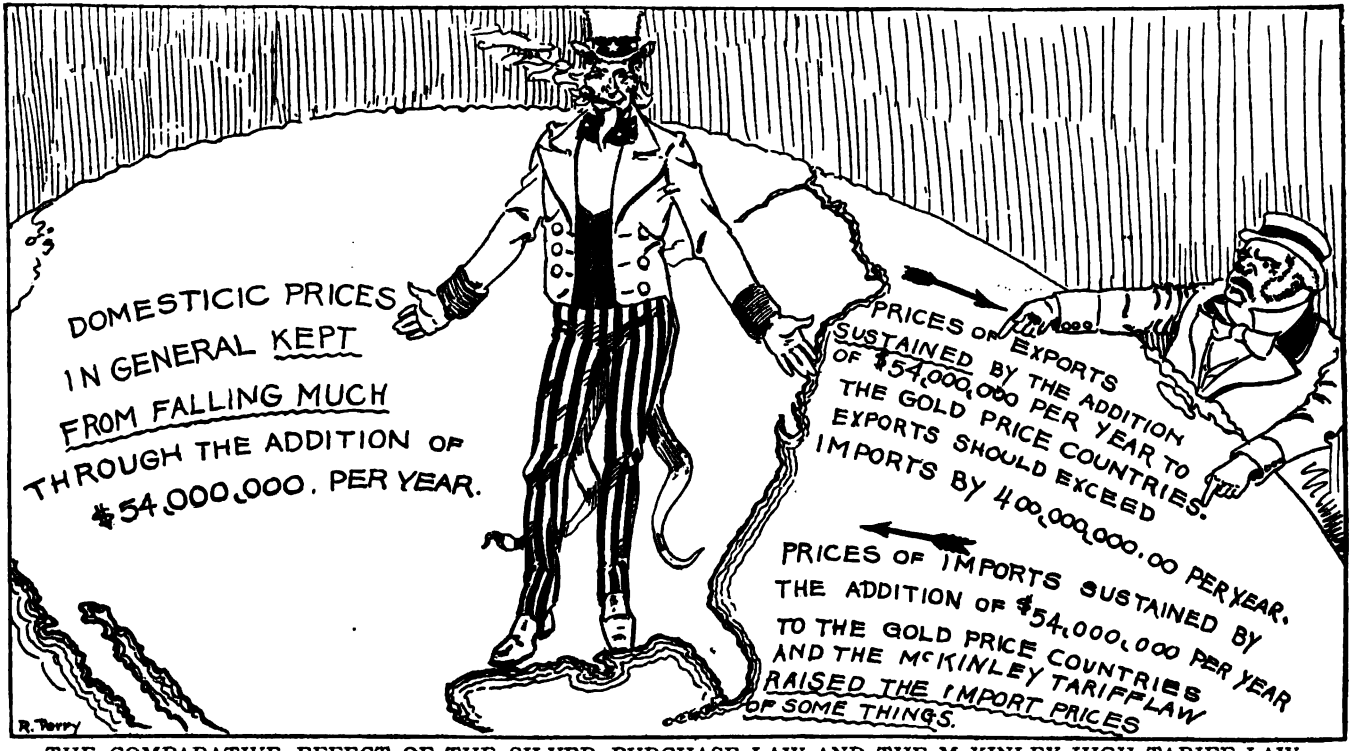
Uncle Sam (soliloquizing)—"I'm going to fix this hole so those foreigners can't plunder my barrel." J. Bull (aside)—"Except at this end!" (left chuckling.)

(National Bimetallist).

falling prices *or leave the Republican party.* Many left it in March of last year ('95) when the American Bimetallic Party was formed, and since then have been changing over to this Bimetallic organization.

1. *The American Bimetallic Party.*

The platform adopted by this party July 24th at St. Louis is **a Declaration of Principles greater in importance than the one made in Philadelphia in 1776, for this later one declares for Independence not only from Great Britain** BUT FROM THE MONEY POWER OF THIS COUNTRY AND OF EUROPE. AND IT ASKS THAT THE MEASURE OF PRICES BE KEPT STABLE. The platform is in effect the one adopted at Washington last January (see above, p, 148).



THE COMPARATIVE EFFECT OF THE SILVER PURCHASE LAW AND THE McKINLEY HIGH TARIFF LAW.

JOHNNY BULL (in anger): "Thief! Robber! Inflationist! Lunatic! You tamper with the Standard of Prices when I had 'tampered' them to Fall! It is to my Interest that They Should Fall!"

PRESIDENT HARRISON in his Annual Message, Dec., 1891, said: "The efforts of the Secretary to increase the volume of money in circulation by keeping down the Treasury Surplus to the lowest practicable limit have been unremitting and in a very high degree successful. * * * The increase of money in circulation during the nineteen months has been in the aggregate $93,866,814 or about $1 50 per capita, and of this increase only $7,100,000 was due to the recent Silver Legislation. This was a substantial and needed aid to commerce."

TOM REED has said: The Republican Defeat of 1891-2 was due to the McKinley Tariff law.

The Jefferson-Jackson Democrats captured the Democratic National Convention of '96.

2. *The Democratic Bimetallic Party.*

They showed no mercy to the advocates of the gold standard of falling prices, but adopted **a platform demanding the free coinage of silver and gold at the present legal ratio and for governmental control of the volume of paper money.**[1]

[1] Money System Is Paramount.

"Recognizing that the money question is paramount to all others at this time, we invite attention to the fact that the federal constitution names silver and gold together as the money metals of the United States, and that the first coinage law passed by Congress under the constitution made the silver dollar the monetary unit, and admitted gold to free coinage at a ratio based upon the silver unit.

"We declare that the act of 1873 demonetizing silver without the knowledge or approval of the American people **has resulted in the appreciation of gold and a corresponding fall in the prices of commodities produced by the people; a heavy increase in the burden of taxation and of all debts, public and private; the enrichment of the money-lending class at home and abroad; prostration of industries and impoverishment of the people.**

"We are unalterably opposed to monometallism, which has locked fast the prosperity of an industrial people in the paralysis of hard times. Gold monometallism is a British policy and its adoption has brought other nations into financial servitude to London. It is not only un-American but anti-American, and it can be fastened on the United States only by the stifling of that spirit and love of liberty which proclaimed our political independence in 1776 and won it in the war of the revolution.

Free Coinage of Gold and Silver.

"We demand the free and unlimited coinage of both gold and silver at the present legal ratio of 16 to 1 without waiting for the aid or consent of any other nation. We demand that the standard silver dollar shall be full legal tender, equally with gold, for all debts, public and private, and we favor such legislation as will prevent for the future the demonetization of any kind of legal tender money by private contract.

Issuance of Bonds.

"We are opposed to the issuing of interest-bearing bonds of the United States in times of peace, and condemn the trafficking with banking syndicates, which, in exchange for bonds and at an enormous profit to themselves, supply the federal treasury with gold to maintain the policy of gold monometallism.

"We are opposed to the policy and practice of surrendering to the holders of the obligations of the United States the option reserved by law to the Government of redeeming such obligations in either silver coin or gold coin.

The Coining of Paper Money.

"Congress alone has the power to coin and issue money, and President Jackson declared that this power could not be delegated to corporations or individuals. We therefore **demand that the power to issue notes to circulate as money be taken from the national banks,** and that all paper money shall be issued directly by the Treasury Department, and be redeemable in coin and receivable for all debts, public and private."

Those who have heretofore left the Republican and Democratic parties and joined the People's Party—Populist Party—met at St. Louis July 22.

3. ***The Populist Party.***

They unanimously declared for **the free coinage of silver and gold at the present legal ratio and for governmental control of the volume of paper money.**[1]

The Prohibitionists have had a "split," one part keeping the money question out of the platform and the other part

4. ***The Bimetallic Prohibitionists***

declaring on the money question practically as have the three parties just mentioned.

Thus there are four parties advocating the same cause. **Three of them are united upon a single nominee for President.** And he is a noble, highly gifted and highly respected leader. He is in truth "The Silver Knight"—The Champion of Stable Prices. His statement of the money question in 1893 is given at page 518 above. In the Chicago Convention he was selected to state the reasons why the platform adopted was a just one, and to reply to the charges of the goldites as set forth by Senator David B. Hill.

MR. BRYAN'S SPEECH.

He, among other things, set forth briefly the way in which the bimetal-

[1] **Banks of Issue Must "Go."**

1. "We demand a National money, safe and sound, issued by the general Government only, without the intervention of banks of issue, to be a full legal tender for all debts, public and private; a just, equitable and efficient means of distribution direct to the people and through the lawful disbursements of the Government.

Free Coinage of Gold and Silver.

2. "We demand the free and unrestricted coinage of silver and gold at the present legal ratio of 16 to 1, without waiting for the consent of foreign nations.

A Just Level of Prices.

3. "We demand the volume of circulating medium be speedily increased to an amount sufficient to meet the demands of the business and population, and to restore the just level of prices of labor and production.

4. "We denounce the sale of bonds and the increase of the public interest-bearing debt made by the present Administration as unnecessary and without authority of law, and demand that no more bonds be issued except by specific act of Congress.

5. "We demand such legislation as will prevent the demonetization of the lawful money of the United States by private contract.

6. "We demand that the Government, in payment of its obligations, shall use its option as to the kind of lawful money in which they are to be paid, and we denounce the present and preceding Administrations for surrendering this option to the holders of Government obligations."

lists within the Democratic ranks had organized last March (page 577 above) and how later on at Memphis an organization was perfected (page 602 above), and continued:

Then began the conflict with a zeal approaching the zeal which inspired the crusaders who followed Peter the Hermit. Our silver Democrats went forth from victory unto victory until they are assembled now, not to discuss, not to debate, but to enter up the judgment rendered by the plain people of this country. [Applause.]

In this contest, brother has been arrayed against brother and father against father. The warmest ties of love and acquaintance and association have been disregarded. **Old leaders have been cast aside when they refused to give expression to the sentiments of those whom they would lead, and new leaders have sprung up to give direction to this cause of truth.** [Cheers.] Thus has the contest been waged, and we have assembled here under as binding and solemn instructions as were ever fastened upon the representatives of a people.

Speaks for the People.

We do not come as individuals. Why, as individuals we might have been glad to compliment the gentleman from New York [Senator Hill], but we knew that the people for whom we speak would never be willing to put him in a position where he could thwart the will of the Democratic party. [Cheers.] **I say it was not a question of persons; it was a question of principle,** and it is not with gladness, my friends, that we find ourselves brought into conflict with those who are now arrayed on the other side. The gentleman who just preceded [Governor Russell] spoke of the old State of Massachusetts. Let me assure him that not one person in all this convention entertains the least hostility to the people of the State of Massachusetts. [Applause.]

But we stand here representing people who are the equals before the law of the largest citizens in the State of Massachusetts. [Applause.] When you come before us and tell us that we shall disturb your business interests, we reply that you have disturbed our business interests by your course. [Great applause and cheering.] We say to you that **you have made too limited in its application the definition of business man.** The man who is employed for wages is as much a business man as his employer. [Continued cheering.] The attorney in a country town is as much a business man as the corporation counsel in a great metropolis. The merchant at the cross-roads store is as much a business man as the merchant of New York. The farmer who goes forth in the morning and toils all day, begins in the spring and toils all summer, and by the application of brain and muscle to the natural resources of this country creates wealth, is as much a business man as the man who goes upon the Board of Trade and bets upon the price of grain."

Tremendous Enthusiasm.

The sentiments of the speaker were cheered again and again, and the galleries seemed to be a mass of white because of the handkerchiefs waving.[1] The cheers were renewed again and again, and it was

[1] The above and what follows is a reprint of the report of the speech and the comments thereon as published in the Chicago Times-Herald—a paper advocating the gold standard of prices.

some minutes before Mr. Bryan could be heard. He proceeded as follows:

"The miners who go a thousand feet into the earth or climb 2,000 feet upon the cliffs and bring forth from their hiding places the precious metals to be poured in the channels of trade are as much business men as the few financial magnates who in a back room corner the money of the world."

The free silver delegates at this point broke forth in tremendous cheers, standing on chairs and waving their hats and banners frantically. Order was finally restored and Mr. Bryan continued:

We come to speak for this broader class of business men. Ah, my friends, we say not one word against those who live upon the Atlantic coast, but those hardy pioneers who braved all the dangers of the wilderness, who have made the desert to blossom as the rose—those pioneers away out there, rearing their children near to nature's heart, where they can mingle their voices with the voices of the birds—out there where they have erected schoolhouses for the education of their young, and churches where they praise their Creator, and cemeteries where sleep the ashes of their dead—are as deserving of the consideration of this party as any people in this country. [Great applause.]

No More Pleading.

It is for these that we speak. We do not come as aggressors. Our war is not a war of conquest. **We are fighting in the defense of our homes, our families and posterity.** [Loud applause.] We have petitioned, and our petitions have been scorned. We have entreated, and our entreaties have been disregarded. We have begged, and they have mocked, *and our calamity came.*

We beg no longer; we entreat no more; we petition no more. WE DEFY THEM! [Great applause and confusion in the silver delegations.]

The gentleman from Wisconsin has said he fears a Robespierre. My friend, in this land of the free you need fear no tyrant who will spring up from among the people. **What we need is an Andrew Jackson to stand as Jackson stood, against the encroachments of aggrandized wealth.** [Great applause.] * * *

They tell us that this platform was made to catch votes. We reply to them that changing conditions make new issues; that the principles upon which rest Democracy are as everlasting as the hills, but that they must be applied to new conditions as they arise. Conditions have arisen and we are attempting to meet those conditions.

We go **forth confident that we shall win.** Why? Because upon the paramount issue in this campaign **there is not a spot of ground upon which the enemy will dare to challenge battle.**

The Line of Battle.

Why, if they tell us that the gold standard is a good thing we point to their platform and tell them that **their platform pledges the party to get rid of the gold standard and substitute bimetallism.** [Applause.] If the gold standard is a good thing why try to get rid of it? [Laughter and continued applause.] If the gold standard, and I might call your attention to the fact that some of the very people who are in this convention to-day and who tell you that we ought to declare in favor of international bimetallism and thereby declare that the gold standard is wrong, and that the principle of bimetallism is better—**these very people four months ago were open and avowed advocates of the gold standard** and telling

us that we could not legislate two metals together even with all the world. [Renewed applause and cheers.]

I want to suggest this truth, that if the gold standard is a good thing we ought to declare in favor of its retention and not in favor of abandoning it; and **if the gold standard is a bad thing why should we wait until some other nations are willing to help us to let go?** [Applause.]

Here is the line of battle. We care not upon which issue they force the fight. **We are prepared to meet them on either issue or on both.** If they tell us that **the gold standard is the standard of civilizition** we reply to them that this, the most enlightened of all the nations of the earth, has never declared for a gold standard, **and both the parties this year are declaring against it.** [Applause.] If the gold standard is the standard of civilization, why, my friends, should we not have it? So if they come to meet us on that **we can present the history of our nation.** More than that. We can tell them this, that **they will search the pages of history in vain to find a single instance in which the common people of any land have ever declared themselves in favor of a gold standard.** [Applause.] THEY CAN FIND WHERE THE HOLDERS OF FIXED INVESTMENTS HAVE.

Moneyed Interests vs. Interests Other-Than-Moneyed.

Mr. Carlisle said in 1878 that this was a struggle between the idle holders of idle capital and the struggling masses who produced the wealth and pay the taxes of the country, and, my friends, it is simply a question that we shall decide, upon which side shall the Democratic party fight?

UPON THE SIDE OF THE IDLE HOLDERS OF IDLE CAPITAL, OR UPON THE SIDE OF THE STRUGGLING MASSES? That is the question that the party must answer first, and then it must be answered by each individual hereafter. The sympathies of the Democratic party, as described by the platform, are on the side of the struggling masses, who have ever been the foundation of the Democratic party. [Applause.]

There are two ideas of government. There are those who believe that if you just legislate to make the well-to-do prosperous that their prosperity will leak through on those below. The Democratic idea has been that **if you legislate to make the masses prosperous their prosperity will find its way up and through every class and rest upon it.** [Applause.]

You come to us and tell us that the great cities are in favor of the gold standard. I tell you that the great cities rest upon these broad and fertile prairies. Burn down your cities and leave our farms and your cities will spring up again as if by magic. But destroy our farms and the grass will grow in the streets of every city in this country. [Applause.]

My friends, we shall declare that this nation is able to legislate for its own people on every question, without waiting for the aid or consent of any other nation on earth—[applause]—and **upon that issue we expect to carry every single State in this union.** [Applause.]

I shall not slander the fair State of Massachusetts nor the State of New York by saying that when its citizens are confronted with the proposition, Is this nation able to attend to its own business?—**I will not slander either one by saying that the people of those states will declare our helpless impotency as a nation to attend to our own business. It is**

The Issue of 1776 Over Again.

Our ancesters when but 3,000,000 had the courage to declare their political inde pendence of every other nation upon earth. **Shall we, their descendents, whe we have grown to 70,000,000, declare that we are less independent than ou forefathers?** No, my friends, it will never be the judgment of this people Therefore, we care not upon what lines the battle is fought. If they say bimetal lism is good, but we cannot have it till some nation helps us, we reply that, in stead of having a gold standard because England has, **we shall restore bimetal lism, and then let England have bimetallism because the United States has** [Applause.]

If they dare to come out and in the open defend the gold standard as a go thing, we shall fight them to the uttermost, having behind us the producin masses of this nation and the world. Having behind us the commercial in terests and the laboring interests and all the toiling masses, we shall answe their demands for a gold standard by saying to them, YOU SHALL NOT PRESS DOWN UPON THE BROW OF LABOR THIS CROWN OF THORNS. YOU SHALL NOT CRUCIFY MANKIND UPON A CROSS OF GOLD.

The Climax.

The conclusion of Mr. Bryan's speech was the signal for a tremendous outburst of enthusiasm. The standards of thirty-one sta were carried from their places and gathered around the Nebraska delegation. Among them New York, Pennsylvania and Massachusetts were conspicuous for their absence. Apparently three-fourths of the delegates stood upon their chairs and waved handkerchiefs, hats and umbrellas and canes. Several red bandanna handkerchiefs made their appearance and were frantically waved by their owners. The half wild delegates formed a procession and carried a number of the state standards around the aisles. The band over the platform played "The Skidmore Guards," which apparently excited another band out in the audience, which started to play another tune, but the noise was so great that it was impossible to tell what they were playing. The enthusiasm subsided to some extent and it was then renewed with great vigor.

After the demonstration had lasted fifteen minutes the chairman succeeded in restoring a semblance of order and the business of the convention was proceeded with.

MR. SEWALL, NOMINEE FOR VICE-PRESIDENT BY THE DEMOCRATIC AND AMERICAN BIMETALLIC PARTIES.

The nominee for vice-president of the United States, by the Democratic Bimetallists and the American Bimetallic Party, is Arthur Sewall, of Maine—the State wherein lived James G. Blaine, one of the greatest of bimetallists. And Mr. Sewall, too, has long championed the Restoration of Silver and in the face of a determined opposition. In 1892 he was for Free Coinage at the present legal ratio (16 to 1) and also for Independent Action. This is shown by newspapers of that date.

This is all the more commendable in Mr. Sewall when it is considered that he is a bank president, the president of a railroad, a director in several railroads and a builder of ships.

MR. WATSON, NOMINEE FOR VICE-PRESIDENT BY THE POPULISTS.

In the People's Party Convention, a plan was adopted whereby it retains its organization and at the same time unites with the other Bimetallists upon the head of the ticket. They nominated for Vice-President, Thomas E. Watson, of Georgia, and of whom the Outlook says: "He is a man of fine character and ability."

The Vice-President was nominated before they took up the question of the Presidential nominee, as practically all the delegates desired to co-operate with the other bimetallists as to the head of the ticket. After Mr. Watson was nominated, Mr. Bryan telegraphed that he did not wish his name to go before the convention as they had not nominated Mr. Sewall. Concerning this and the subject as a whole, General Weaver when he placed Mr. Bryan in nomination among other things said:

REASONS FOR NOMINATING AND VOTING FOR MR. BRYAN.

You have all read the papers this morning; you have all read the manly dispatch from the Democratic nominee for the Presidency, William J. Bryan. [Applause.] No man could have done less and be a man. His manly attitude concerning the action of this convention we must all respect, and every member of it and every person who reads the proceedings of this convention must do the same.

But, my fellow citizens, **this question has reached a point where neither Mr. Bryan nor his personal friends have any right whatever to say in regard to what the action of this convention shall be.** [Cheers.] This is a greater question than the personality of its candidates, and I, as an individual, tell you that that is the fact. After your action last night, after I had read the telegrams from Mr. Bryan, I utterly refused, and I here and now utterly refuse to confer either with Mr. Bryan or Mr. Jones as to who shall be the nominee of this convention. [Loud applause.]

Victory Is at Stake.

That is a matter which we have a right to determine for ourselves. * * * It is the relief of 70,000,000 people that is at stake.

This country has recently witnessed a new Pentecost and received another baptism of fire. The recent convention at Chicago sounded a **bugle call for union** which can neither be misunderstood nor go unheeded. In its patriotic utterances and action it swept away all middle ground and opened the road to a formidable organic alliance. **They not only made union possible, thank heaven, they have made it inevitable.**

From the very beginning our organization has made party fealty subordinate to principle. We will not here reverse ourselves and refuse to accept victory now so easily within our reach. We will not refuse the proffered assistance of at

least three million free-silver Democrats and not less than one million free-silver Republicans simply because **they have shown the good sense to come with an organized army, fully equipped and manned for battle.** Let them have their own divisions and army corps. Let them manifest their own *esprit de corps*. **The field of glory is open to all competitors who are fighting for the same principles.**

The Populists have already shown their prowess in many engagements during twenty years of struggle. If our allies can strike sturdier blows at plutocracy than can we; if they can scale the battlements of the gold power more gallantly than our veterans, and are able to plant their colors one foot nearer the citadel of the enemy than we can ourselves, let every Populist cheer and support them in their heroic work. **We will all march under the same flag, keep step to the same music, face the same foe, share in and shout over the same triumph.**

We cannot be mistaken concerning the real issue involved in the struggle of the present year. It is between the gold standard, gold bonds and bank currency on the one hand and the bimetallic standard, no bonds and government currency on the other. **The people are asked to choose between enforced idleness, destitution, debt, bankruptcy and despair on the one side, and an open door of opportunity under just laws and normal conditions on the other.** THE SITUATION PRESENTS THE MIGHTIEST CIVIC QUESTION THAT EVER CONVULSED A CIVILIZED NATION. THE CONFLICT CAN NEITHER BE POSTPONED NOR AVOIDED.

In the name of the suffering people I affirm that this is

No Time for Dissensions Nor Party Divisions.

The supreme hour for action has arrived. **If we would be victorious we must make common cause with the heroic men who dominated the Chicago Convention.** No other course is either prudent or desirable. We are not asked to abandon our party, nor would it be wise to do so. If it is to be preserved, we will, in my judgment, be compelled to take the course which I am about to indicate. The silver Democrats have lined up as an organization. Now let the Populists, free-silver Republicans and the American silver party do likewise. **Form an embattled square—impenetrable to the assaults of the confederated gold power.**

After due consideration, in which I have fully canvassed every possible phase of the subject, I have failed to find a single good reason to justify us in placing a third ticket in the field. The exigencies of the hour imperatively demand that there shall be but one. I would not indorse the distinguished gentlemen named at Chicago [Bryan and Sewall]. I would nominate them outright, and make them our own, and then share justly and rightfully in their election. The situation is a striking verification of the old adage, that "The path of duty is the path of safety." Take this course and all opposition will practically disappear in the Southern and Western States, and we can then turn our attention to other parts of the field. Take any other and you endanger the entire situation and strengthen the arm of our common adversary.

If you allow the present happy juncture to pass, all the heroic work of twenty years will be thrown to the winds. Our guiding hand will disappear in the momentous conflict just when it should be stretched forth to study the ark of our covenant. We would prove to the world that we are devoid of capacity to grasp great opportunities, and lacking in strength to grapple with prodigious emergencies.

The people have a gallant champion in the field, who is leading a revolt ainst the plutocracy of Christendom. **Every oppressor, every plutocrat in vo hemispheres has turned his guns upon him. The subsidized organs ive openly proclaimed that he must be crushed by any means and at whatver cost. The confederated monopolies have laid aside their parties and their olitics, and are marching in hot haste against him.** LET US SIGNAL TO IM TO HOLD THE FORT—THAT WE ARE COMING—AND THEN HASEN TO HIS RELIEF.

Gentlemen, I want to say to you in all earnestness that, assailed as is this galnt knight by the sleuth hounds of the money power of the world, you may deberate here as long as you please, but you cannot prevent the people from ushing to the support of their recognized defender and leader. If you will not y the word they will break over all restraints and go themselves, leaders no leaders, *and may God bless them for so doing.*

Therefore, in obedience of my highest conceptions to duty, with a solemn onviction that I am right, I place in nomination for the Presidency of the United tates that matchless champion of the people, that intrepid foe of corporate reed, that splendid young statesman—William J. Bryan, of Nebraska."

Enthusiastic Demonstration.

General Weaver in his opening remarks asked the convention not to pplaud, and the delegates listened to him without much demonstration. ut when he concluded by naming "that splendid young statesman, Wilam J. Bryan," the Convention broke loose. Cheer followed cheer. he delegates jumped to their chairs, and flags, handkerchiefs, coats, ats and state guidons were waved in wild confusion. Through one of ie side entrances four men carried a big yellow cross, 4 by 8 feet in ze, surmounted by a crown of thorns. On it was inscribed the eloent words with which Bryan closed his brilliant speech at Chicago:

"You shall not press a crown of thorns upon the brow of labor; ou shall not crucify mankind upon a cross of gold."

A big crayon portrait of the Nebraska statesman was also carried nto the hall. Cross, banners and state guidons were carried frantically bout the pit. Then with the cross leading, they were carried to the age, where for five minutes they danced in confusion while the delates yelled with delight. Mr. Keppler, of Nevada, who bore the ross, finally planted it at the edge of the stage, and the bearers of the anners and flags descended to the pit and continued their demonstraon there.

The above is the description given by the Chicago Evening Post—gold standard publication. We will continue its description:

In the seconding speeches Louisiana yielded to Colorado, and that igged State sent to the platform as her champion Mrs. Minerva oberts.

A WOMAN SECONDS THE NOMINATION.

The tall, slender young lady, with face aglow and great, dark eyes flashing, came forward to the stage. As she walked down the aisle with bounding step and ascended the platform her dark hair shone in the sunlight. She wore a white shirtwaist and an attractive hat, and as she faced the audience her radiant face brought the convention to its feet. Her first sentence, delivered in a clear, musical and sympathetic voice, aroused them to cheers. Her brief speech was one of the most eloquent delivered in the convention.

Mrs. Roberts said:

Hailing from a state lying beneath the shadow of the Rocky Mountains, where men have had the courage and the chivalry to grant women the rights they demand for themselves [applause], I have been accorded the distinguished honor by the Southern State of Louisiana to take their time. Gentlemen, I thank you in the name of the women of the United States. [Applause.]

For the first time in the history of a political convention a woman has had the opportunity of raising her voice to second the nomination of a man who stands for the people and who made America what she is to-day, where the parasites of oppression shall not live.

Oh, I thank you. By our city flows the Platte River, from whence the Boy Orator of Nebraska hails, and we of Louisiana second his nomination. I know that the gentleman whom we present will make a gallant fight and will do what he can to obtain the victory. On the one side is arrayed McKinley and on the other Bryan. There is no middle of the road. [Tremendous cheering.]

Our factories are idle, our lands are unworked and our people in poverty, and you can do nothing at this convention but accept this ticket. In the interest of the people of this great nation, in the interest of the wives and mothers and children, **we must preserve America as an independent nation.**

I will take no more of your time. You have already a surfeit of oratory—too much of it, indeed. So I will simply add, I have the extreme honor of seconding the nomination of William Jennings Bryan of Nebraska. [Tremendous cheering.]

When she finished the convention again arose and cheered, and she was besieged on all sides of the platform with congratulations. Governor Kolb of Alabama stepped gallantly forward as she came down the steps, and with the deferential chivalry of the South escorted her to her seat in the Colorado delegation, where she was again besieged by delegates who offered their congratulations.

SENATOR TELLER AND OTHER SILVER REPUBLICANS

have put forth to their fellow Republicans a Statement. It was given for publication July 20th—two days before the St. Louis conventions assembled—and is as follows:

We deem it fitting that we who have heretofore affiliated with the National Republican party and who have rejected the financial plank of the platform adopted at St. Louis and refused to support the nominees of the convention

should state our position in the present campaign and give briefly our reasons in support thereof.

The Position of Republican Bimetallists.

When certain delegates to the National Republican Convention repudiated the financial plank of the platform and withdrew from the convention, **we determined that we would give our support to such candidates as should appear most willing and capable of aiding in the restoration of silver to its rightful place as standard money.**

The Democratic party in its Chicago convention has taken a position in its platform so pronouncedly favorable to silver and has nominated candidates of such unquestionable convictions in favor of the bimetallic policy and of such high personal character, that WE HAVE DETERMINED TO GIVE THEM OUR SUPPORT. WE SUPPORT SUCH CANDIDATES BECAUSE THEY REPRESENT THE GREAT PRINCIPLE OF BIMETALLISM, **which we believe to be the cause of humanity and civilization, and the paramount question now before the American people.**

We therefore announce that we shall by voice and vote support Messrs. Bryan and Sewall for president and vice-president, and we appeal to all citizens and especially to Republicans who feel as we do, that **gold monometallism would be of lasting injury to the country,** to act with us in securing their election.

The Democrats who believe in the gold standard are announcing their intention to support McKinley, or proposing to put a third candidate in the field for the avowed purpose of aiding Mr. McKinley's election. A great number of leading and influential Democratic journals have declared that they will support the Republican nominees. It is evident **there is to be a union of forces on the part of the advocates and supporters of the gold standard to elect Mr. McKinley and a Congress favorable to him, which will support the financial policy outlined in the Republican platform.**

To those who believe in bimetallism there is but one course to pursue, and that is TO UNITE ALL THE SILVER FORCES AND TO OPPOSE WITH ALL OUR MIGHT THE CANDIDATE REPRESENTING THE POLICY WHICH WE BELIEVE IS FRAUGHT WITH DISASTER TO THE NATION AND RUIN TO THE PEOPLE.

Gold monometallism means the shifting to gold alone as primary money of all burdens of commerce and credit formerly borne by gold and silver, and as the world's stock of these metals has always been about equal in amount, **it means the doubling of the burden upon gold.** Doubling the burden upon gold means DOUBLING THE DEMAND FOR THE SAME, AND DOUBLING THE DEMAND, OF NECESSITY, DOUBLES THE VALUE THEREOF. This gradual shifting to gold of all the burdens of both gold and silver **has caused a gradual and steady increase in the value of every dollar redeemable in gold and hence a gradual and steady decline in the value of every commodity that is measured by that dollar.** [See also page 30, above.]

The Republicans and supporters of Mr. McKinley consented to the insertion in the St. Louis platform of the gold standard declaration, thinly veneered by a declaration for bimetallism "when the leading nations of the world should consent," *but until that consent is secured the gold standard must be maintained.* **It is well known that this consent cannot be secured from Great Britain and that such declaration for bimetallism means** NOTHING WITH THIS LIMITATION ON IT. Mr. McKinley consented to the declaration for the gold standard

in the platform and in his recent speeches has accepted it, and has become the advocate thereof; **he has shown by his speeches heretofore made that he understood the danger of the gold standard and the distress which would be inflicted upon the American people by its adoption** [page 468, above], and yet he pledges the people to support and maintain that system and fasten upon them all the evils of the financial system which he has heretofore repudiated *if they will make him president.* Whatever may have been his attitude on the money question in the past, **he must inevitably hereafter support** THE SAME FINANCIAL SYSTEM THAT THE PRESENT DEMOCRATIC ADMINISTRATION HAS, AND IF ELECTED MUST CONTINUE THE POLICY OF MR. CLEVELAND IN THE SALE OF BONDS IN TIME OF PEACE. Hence with the success of McKinley we may look for a continued increase of the public debt and the sale of bonds to maintain the gold standard.

That the condition of the country is not satisfactory all admit. **The producers of wealth are not receiving fair and proper compensation for their labor, whether in field, factory or mine; enterprise has ceased, values are constantly declining, labor is unemployed, discontent and distress prevail to an extent never before known in this country,** AND NO REASONS CAN BE FOUND FOR SUCH AN UNHAPPY CONDITION SAVE IN A VICIOUS MONETARY SYSTEM. Those who profess to deplore the present financial condition and oppose the free coinage of silver are divided as to the present cause of the present condition. Some declare that it is because we have too much tariff, others that we have not enough, while **the fact exists that every gold standard country in the world, whether it has high or low tariff, is now and has been during recent years in the throes of a financial panic, and every silver standard country compared with its former condition is enjoying an industrial development and degree of prosperity hitherto unknown in its history.** [See also above, pages 140, 377.]

While thus differing in opinion they unite in asserting that the gold standard must be maintained until foreign countries shall signify their willingness that the American people shall exercise the rights of freemen and create a financial system of their own. If we overlook the humiliation and degradation we must feel on account of such a declaration of financial dependency **we may as well inquire when the consent of the leading commercial nations will be obtained.**

No one who has read the proceedings of the three international monetary conferences that have already been held, or who presented the practical propositions presented at those conferences, can for a moment believe that any international bimetallic agreement can ever be made with the consent of "all the leading commercial nations of the world." When will Great Britain, controlled as she is and ever will be by the creditor classes, who collect vast sums of money for interest due her and her citizens, who buys of us annually many more millions than she sells to us, **and whose interest it is to make the pounds sterling purchase as much of our products as possible, consent that we shall be financially independent,** as we are supposed to be politically independent?

When did the creditor classes of Great Britain ever GIVE UP OR IN ANY WAY YIELD AN ADVANTAGE **such as they now possess through the maintenance of the gold standard.** There is no hope for international bimetallism until the United States shall establish bimetallism for itself, **and when that is done international bimetallism may be secured without the consent of Great Britain.** The United States on other subjects of legislation acts independently of any other nation on earth. **By what process of reasoning is its right, authority or ability to legislate upon this, the most important subject with which it has to deal, questioned or denied?**

With a nation equal in wealth and power to ONE-FOURTH OF THE WORLD, **it is cowardly to say that we must ask the permission of Great Britain to establish and maintain a financial policy of our own.** Believing, as we do, that a return to the monetary system especially recognized in the constitution, and completely provided for by law from 1782 to 1873, affords **the only ground of hope for the betterment of the distressed condition of all the classes except those who live by the increment that money loaned gives to those who loan it** [same effect, page 87 above] we appeal to all classes to

Rally to the Support of the Only Candidates Whose Success Indicates Any Hope of Relief.

Let the merchant and business man, whose dwindling and lessened profits have, despite his care and economy, brought him face to face with prospective bankruptcy and ruin; the professional man, whose best efforts scarcely afford him compensation for his labor alone; the farmer, the continually falling prices of whose products have left him no returns for capital invested and work performed; and last, but not least, let the grand army of laboring men, so-called, the artisan, the mechanic, the miner and every one who depends upon his daily labor for his daily bread, look about him and observe the great number of those who vainly seek for a chance to work, upon the great army of enforced idlers, **and one and all resolve to try, not an experiment—for bimetallism is not an experiment - but rather** A RETURN TO A POLICY THAT, THROUGHOUT THE INTERNECINE STRUGGLE OF ITS MANHOOD, KEPT US A GREAT, FREE AND PROSPEROUS NATION, IN WHICH LABOR WAS NOT ONLY RESPECTED AND EMPLOYED, BUT WAS SO COMPENSATED THAT WANT AND DISTRESS, SUCH AS NOW WEIGH UPON US, WAS UNKNOWN.

Let the lesson of poverty, too recent and too plain to be gainsaid or denied, be heeded, and let there be no fear that a system that so wonderfully protected labor, developed business enterprises and secured to the nation a contented and prosperous people in the past, will do aught but bring to us a return of like prosperity, the predictions of disaster of our opponents to the contrary notwithstanding.

In Mr. Bryan the Chicago convention placed at the head of its ticket a gentleman of exceptional ability and of high character.

No man of his age was better known throughout the United States than he. A member of Congress for four years, he commanded the admiration and respect of all his associates in that body as a scholarly student and profound thinker. No man has ever assailed his character or in any way questioned his integrity or moral worth. His character is a fit example for the young men of this country. He has shown in all his public utterances that he loves his country and his countrymen, and that he sympathizes with them in their distress. He has also shown that he believed the financial system which makes gold the standard of value was in a great degree productive of the depression and financial distress prevalent throughout the land; that the condition now existing will continue while the existing monetary system lasts, and that he would fain return to the use of both gold and silver as they were used prior to 1873, and he has proposed such a change of the financial system by the usual constitutional methods.

Such was the character and such the political opinions of the candidate known to his countrymen, who, by their representatives in convention, selected from every State in the Union, put him in nomination for the highest office within the gift of the American people.

This is a critical period in our national history. Our industrial and financial independence of other nations and peoples is involved in this campaign and we believe **there will be no return of prosperity until we shall have changed our financial system so as to restore the bimetallic system** established by our fathers of the republic, and so believing we urge all friends of silver and gold as standard money and the opponents of a single and gold standard to give to Mr. Bryan and Mr. Sewall their hearty support. In advising this course **we do not consider it necessary that they shall abandon or surrender their political views** ON OTHER QUESTIONS.

Profoundly impressed with the importance of the issues of this campaign, for ourselves and our associates, we respectfully submit the foregoing to the candid consideration of the American people.

H. M. TELLER,
FRED T. DUBOIS,
LEE MANTLE.
CHARLES S. HARTMAN,
EDGAR WILSON,
JOHN F. SHAFROTH,
A. M. STEVENSON,
Committee.

MANITOU, Colo., July 20.

We have yet to consider what would be the effect of a free coinage law by the United States at the present legal ratio (16 to 1). In 1880 we compared such a law with the effect which flowed from the increase in the volume of money furnished by the silver purchase law of that year, and found that **free coinage at 16 to 1 would have yielded Rising Prices and Good Times, and that we would still have had Gold in Circulation in the United States** (page 650, above). We will now consider what will be the effect of such a law in **1896**, and in doing so will divide the subject into Ultimate effects and Temporary effects.

XI. EFFECT OF FREE COINAGE AT THE PRESENT LEGAL RATIO (16 TO 1).

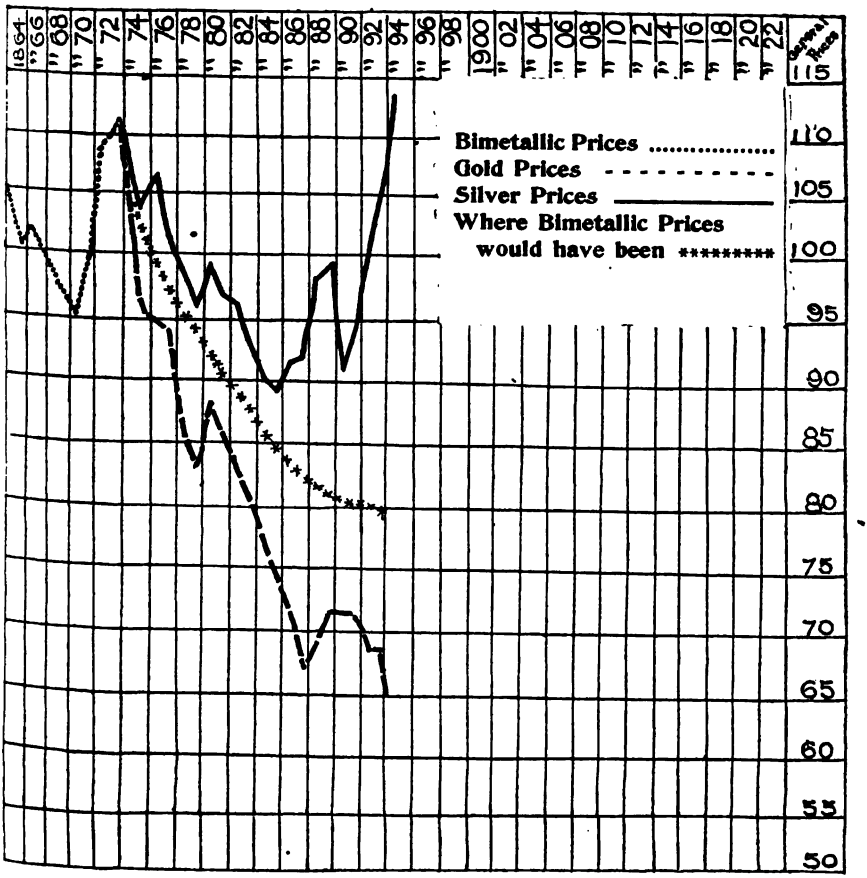
A. *ULTIMATE EFFECTS.*

1. *A Rise in General Prices.*

The ultimate effect would be HIGHER PRICES FOR COMMODITIES IN THE UNITED STATES. This is admitted on all sides.[1] And

[1] The New York Sun in an article soon after it had bolted the 16 to 1 plank of the Chicago Convention said: "Under the reign of silver at 16 to 1, a farm or a house and lot worth $10,000 will be worth $20,000; a bushel of wheat now selling for 50 cents will sell for $1." (Chicago Tribune, July 19, 1896.) (This is a gross overestimate as to *the amount* of the rise.) (Over.)

2. IN THE FUTURE GENERAL PRICES WILL BE MORE STABLE. That there will be more Stable Prices is manifest when we forecast the future from the past: In the past 23 years, had gold and silver been kept at the ratio of 16 to 1, the price line would have been about where the dotted line of the diagram is.



Casting ahead from the dotted line we see that in the future **the bimetallic price line does not fall so rapidly as does the gold price line.** After bimetallism shall have been secured there is no probability of a rise in general price (same effect page 212, above).

Professor Laughlin gives "higher prices" as his reason why we should not enter upon the free coinage of silver at the present legal ratio, p. 102, above. In short, **the Moneyed Interests object to a bimetallic law at 16 to 1 because it is against their business interests—because it will cheapen money and credits.**

Besides securing more stable prices, it will

3. Reunite the World Commercially, and

4. It will also do away with silver dollars floated on a gold basis—do away with Partly-Credit money.

As to the

5. EXTENT OF THE RISE IN GENERAL PRICES,

it will not be over **20 or 25 per cent in the United States.** The estimate in detail is in the note below.[1] But in case the prices of the Commodities

[1] During the spring of 1896 silver bullion was worth in gold, as high as 70 cents per ounce. This is **a ratio to gold of about 30 to 1**—30 ounces of silver equal in exchange value (purchasing power) to one ounce of gold.

The **market ratio** (market value) between silver bullion and gold bullion **is indicated by** the **export and import prices of commodities in gold-price countries and silver-price countries.** Previous to 1873 the ratio was about 16 to 1, and it was practically constant. This constant ratio between silver and gold united the world commercially, for a gold-using country could trade with a silver-using country just as well as it could trade with one using gold.

But with the Repeal of the bimetallic laws of France and the other members of the Latin Union in 1873 and '74 (and of the United States) there was severed the tie which held the ratio between gold bullion and silver bullion constant at about the legal ratio (15½ to 1). **After this severance of the bimetallic tie the market ratio between the two metals increased;** in 1875 it reached nearly 17 to 1; in 1886 it ranged from 20 to 1 to 22 to 1; in 1890 from 23 to 1 to 17 to 1; in 1895, 34 to 1; in 1896, 30 to 1.

The Cause of gold prices falling more than the silver prices was **the increased use of gold as money.** For example, Germany melted a great quantity of her silver money and put gold in its place, this gold coming from the United States, England and France. Later on the United States resumed specie payments on the gold basis and imported gold from the European countries. Italy did the same. In Denmark, Norway and Sweden silver money was melted and gold put in its place, this gold being drawn from other countries. **All this tended to spread gold out more and more thinly and thus lower gold prices.** The fall in gold prices since 1873 has been 50 points (45 per cent; page 30 above). Silver prices have remained practically stable, for the cast-off silver from Germany and some of the other European States has been sufficient to keep prices in the silver-using countries from falling in the way that gold prices fell (page 131, above). Now to change the present market ratio of 30 to 1 back to 16 to 1

Change from 30 to 1 to 16 to 1,

the gold export and import prices *must raise* and silver export and import prices *lower*, until the export and import prices in gold-using countries and silver-using countries *shall meet at 16 to 1.* To secure this, gold must be exported from the United States into the gold-price countries (thus raising gold prices) and silver be imported into the United States from the silver-price countries (thus lowering silver-prices). Can the United States do this sufficiently to re-establish the ratio of 16 to 1 and still have some gold money left in the United States? To answer this question we must consider, step by step.

The effect of the 16 to 1 law.

(1) These facts are that the silver

money in use in gold-price countries is coined at 15½ to 1, and so will not come to the United States when its mints are opened at 16 to 1. Therefore,

(2) The effect of opening the mints of the United States to the free coinage of silver and gold at 16 to 1 will be that **silver bullion will flow in from the silver-price countries and gold money in the United States will be melted for export to the gold-price countries.** THIS WILL RAISE GOLD PRICES AND LOWER SILVER PRICES. This inflow of silver and outflow of gold will continue until either

(a) The ratio of 16 to 1 is *reestablished* or

(b) Until the gold money in the United States shall have been withdrawn from the circulation *and exported.*

(3.) As the amount of gold money in the United States is about 1-7 of all the gold money in the world (our gold is said to be 600 millions of dollars; United States Statistical Abstract 1895), it follows that we can, if necessary, to the re-establishment of 16 to 1, keep taking in silver until nearly all of this gold is exported to Europe (the gold-price countries). The amount of silver in silver-price countries is estimated at about 2,250 millions of coined dollars, and the amount which the United States can draw from these countries to drive gold out of circulation and support our rise in prices *is about ⅓ of this amount.*

Now **to establish the ratio of 16 to 1 between export and import prices the United States** WILL NOT NEED TO EXERT HER FULL STRENGTH, for in 1890 the effect of an increase in the use of silver of only 2½ million ounces per month (about 2½ million dollars) soon reduced the ratio from 22 to 1 to 17 to 1 and but little gold was exported during that year (pages 454, and subsequent pages). The effect was beneficial (page 460), and free coinage would have brought about good times (same citation.) This increased use of silver in gold-price United States is *a practical demonstration of the effect of increasing the use of silver in the United States* **and outweighs all** THEORIES **concerning it.** What it shows is that **increasing the value of silver** CHECKED AT ONCE THE EXPORTS FROM SILVER-PRICE COUNTRIES AND STIMULATED IMPORTATIONS INTO THESE SAME SILVER-PRICE COUNTRIES. In the words of Appleton's Annual, 1891, title India: "The actual and expected action of the American Congress caused the [gold] price of silver to rise from 43⅝ pence to 54⅛ pence. * * * **Imports of merchandise were stimulated and exports were checked** by the sudden rise of the rupee [the sudden rise in the value of silver.] The decrease in exports was confined chiefly to raw material." This decrease in the Indian and other silver-price countries' exports of raw material, such as wheat and cotton, will in the early part of 1897, shorten by that much the supplies in case the United States goes for free silver, and so give an additional boost to the prices of these in the gold-using countries. In the silver-using countries the price of export articles, such as wheat and cotton, will have fallen much faster than will the price of other things, and so less wheat and cotton will be grown in 1897, and this shortening of the supply will also send up the price. This is but the reverse of what has occurred in the past when gold was increasing in value.

The rapid change in the export and import prices which took place in 1890 was *followed* by an Adjustment of the other prices within the countries (except prices fixed by law, custom, monopolies and trusts), but this takes place *slowly.* The fact that they become adjusted *slowly* is **the explanation of why it takes but a small amount of change in the demand for silver and gold to effect a great change in the export and import prices.**

A leading factor in sustaining prices is Credit. What will be the course of

credit in the United States after we shall be *well started* on free coinage at 16 to 1? It is agreed that general prices of commodities in the United States and in the European countries will be Raised, and we know that with rising prices for commodities (a lessening in the exchange value of money) money *pours from the hoards* and at the same time Credit is *extended*. Proof of this is as follows:

Effect of Rising Prices on Hoards and Credits.

About July, 1879, the directors of the Banks of Germany and France began issuing large quantities of paper money (page 384, above), and also began to put into circulation much of the gold held by these banks (same citation). As a result the prices of commodities began to rise and gold flowed into the United States (same citation). The amount which came into this country from July 1, 1879, to the 1st of July the following year was 77 million dollars (U. S. Statistical Abstract). The prices of commodities in the United States rose (money lessened in exchange value) and thus caused "the unlocking of enormous capitals" (Appleton's Annual for 1880, page 120), and credit was extended to such an extent that there was a "volume of business in the internal commerce, manufactures, agriculture and financial operations and the extension of productive facilities and inauguration of new enterprises which exceeded the figures of any previous year in the commercial history of the United States." (Same citation.)

Added to the increase in money and credits necessary to do this increased amount of business there was an increase in money and credits sufficient to maintain a 10 per cent rise in general prices. (See table of prices.)

In short, an inflation of 77 million dollars started a rise in prices which, with the Unlocking of Hoards and Extension of Credit, raised general prices 10 per cent, besides increasing to a wonderful extent the volume of business.

As to the Future, if we enter upon the free coinage of silver and gold at 16 to 1, we have 600 million dollars of gold (1-7th of all the gold money in the world) which we can give off into the gold-using countries of Europe, and we can be sure that if all this money is given off, it will raise *export* and *import* prices at least 40 per cent, whereas **a rise of only about 25 per cent will re-establish a 16 to 1 ratio between gold and silver.** This is on the basis that silver prices of export and import will fall more rapidly than the rise in gold prices; and such was the case in 1890 and such will be the case when we open our mints at 16 to 1. If silver prices of export and import fall 33 per cent, this with a 25 per cent rise of gold prices of export and import, will re-establish a ratio of 16 to 1. (It is thus: the present index number of gold-prices in England is 61. Add to this 25 per cent of itself and it makes 76¼. The present index number of silver prices is, on the basis of 30 to 1, 114⅜. Subtract from this 33 per cent of itself and it leaves 76¼. This meeting of silver-prices with gold-prices is at the ratio of 16 to 1.)

The Gradual Adjustment of *general prices* to the 25 per cent ratio in *export* and *import* prices will undoubtedly be effected without the United States losing all her gold money; and as long as there is any gold money remaining in the United States, and the ratio of 16 to 1 obtains, we shall have a practically constant ratio of 16 to 1—the Bimetallic Standard. In case the ratio is *greater* than 16 to 1, then we shall have Silver-Prices—the silver standard. As to the effect, see the following text.

Further evidence as to how the staple articles of export are easily raised 25 per cent is our experience during the Spring of 1895. During March silver bullion rose from 60¼ cents per ounce in gold to 67½ cents (a rise of 12 per

cent), and wheat followed on, rising from 56¼ cents in gold February 21 to 60 cent, on March 28, a rise of 7 per cent. Cotton went from 5 1-16 cents gold per pound March 1 to 5 11-16 on March 29, a 12 per cent rise.

About the first of April the Directors of the Imperial Bank of Germany began putting money in circulation (p. 582, above), and general prices continued to rise and credit expanded, as it always does with rising prices, and gold came out of the hoards of private individuals. By September there was a rise of general prices in Europe and the United States amounting to about 3 points, (5 per cent), but this rise has been more than lost. Can anyone honestly doubt but that the United States by opening her mints at 16 to 1 will, with her $600,000,000 in gold, raise *import and export* prices in Europe 25 per cent? If this rise is brought about, then the Bimetallic measure of prices is reëstablished at 16 to 1, for silver export and import prices will surely fall 33 per cent.

Our opponents object to the free coinage of silver at the present legal ratio, not because they are afraid we cannot establish a market ratio at 16 to 1, but because they do not want money to *depreciate*—the platforms of this year state that this is the objection (pages 147, 622, above). In short **the beneficiaries of falling prices do not wish to have prices rise.** They bring forward, however, the additional objection that "the free coinage of silver at the present legal ratio (16 to 1) would result in silver monometallism. **This is put forward to** SCARE YOU, AND THEY DID THE SAME THING IN 1878, WHEN EVENTS HAD PROVED THAT THE FREE COINAGE LAW WOULD HAVE RE-ESTABLISHED A MARKET RATIO OF 16 to 1 (PAGE 153, ABOVE), AND IN 1890 SUBSEQUENT EVENTS PROVED THAT A FREE COINAGE LAW AT 16 TO 1 WOULD HAVE RE-ESTABLISHED A MARKET RATIO AT THAT FIGURE (PAGE 458, ABOVE), AND TO-DAY A FREE COINAGE LAW AT THE PRESENT LEGAL RATIO WILL RE-ESTABLISH A MARKET RATIO OF 16 TO 1—WILL RAISE GOLD EXPORT AND IMPORT PRICES 25 PER CENT AND LOWER SILVER PRICES OF EXPORT AND IMPORT 33 PER CENT. But if it should fail to do this then prices would rise 5 or 10 per cent higher and we would have silver monometallism, and would have **an unexampled era of prosperity** (see text following). Before, however, you take up that question I invite you to consider

Additional Evidence

as to the financial power of the United States. Mulhall, the English Statistician, presents the data which show that the commerce of the United States as compared with the principal European countries is as follows: The value of manufactures for 1888 and agricultural products for 1887 are as follows:

United Kingdom.....$5,350,000.
France..... 4,700,000.
Germany..... 5,000,000.
United States.....11,000,000.

This shows that **the commerce of the United States is nearly equal to that of the United Kingdom, France and Germany. Honest people can no longer doubt but that the United States with her 1-7** OF ALL THE GOLD MONEY IN THE WORLD **and her power to draw ⅓** OF THE SILVER MONEY FROM THE SILVER-USING COUNTRIES **has the power to re-establish between silver and gold a market ratio of 16 to 1. But should she make the attempt and fail, it will only give** ADDITIONAL PROSPERITY TO THE PEOPLE. See the following Text:

May 10, 1896, the noted London banker and financier, Moreton Frewen, said: "As to whether by going to free coinage your great community [the United States] can maintain steady exchanges everywhere at 1 to 16 between gold and silver, I am not going to dogmatize. At Brussels I found much difference of opinion.

in the United States go *above the gold prices* then we will have Silver Prices—the silver standard.

In case we go to the Silver Standard what would that mean? Simply this:

6. *The Silver Standard of Prices.*

(1) Our general prices for commodities would be **5 per cent or 10 per cent higher** than though the ratio of 16 to 1 were established between gold prices and silver prices; and

(2) The world would still be divided commercially, but **we would be with the silver-price countries and would be divided from the gold-price countries.** THIS WOULD INTERFERE WITH THE SALE OF EUROPEAN MANUFACTURED COMMODITIES IN THE UNITED STATES AND WOULD STIMULATE THE EXPORT OF AGRICULTURAL PRODUCE FROM THE UNITED STATES JUST AS IT HAS BEEN DOING IN THE SILVER-USING COUNTRIES (page 591 above), AND IT WOULD STIMULATE THE SALE OF OUR MANUFACTURED COMMODITIES IN THE OTHER SILVER-PRICE COUNTRIES.[1] **This would** COMPEL **the European countries to use enough silver to bring about a practically constant ratio**

Opinions of Experts.

Mr. Herman Schmidt, whose knowledge of exchange problems entitles his opinion to respect, BELIEVES THAT YOU CAN. * * * For my own part I have always believed that Lord Aldenham—then Mr. Gibbs—was right when he declared in his evidence before our currency commission in 1886 that any 'first-class nation,' BUT ESPECIALLY AMERICA, COULD GO SAFELY TO FREE COINAGE. Mr. Gibbs is, as you are aware, one of our 'merchant princes,' a man whose whole life has been spent in trading with every part of the world, and **to whom exchange complications are as familiar as the points of a compass to a mariner.** * * *

Effect of India's Action.

"A word in conclusion: On a certain Monday in June, 1893, the ratio of silver to gold was as 1 to 24; on the Friday of the same week it was as 1 to 30: **your 'seventy cent dollar' had in four days become a 'fifty cent dollar,'** and why? Because the mints of a single foreign country, India (not a 'first-rate country' in point of trade), had been closed. **Presumably, then, had the India mints reopened on that Friday the ratio would have reverted from 1 to 30 to 1 to 24.** Now let me ask those who object to free coinage in the United States what would have been the effect if on that same day you had opened *your mints* to the free coinage of silver?

Strength of United States Compared.

If India, single handed [and with no gold to give off], had been able to raise the ratio 20 per cent—that is from 1 to 30 to 1 to 24—by free coinage, **would not the additional support of the United States [with her 1-7 of all the gold money in the world] carried the ratio to 1 to 16, a rise of 33 per cent more?** And if the United States could not have accomplished this through free coinage will somebody explain why?" (Letter to Hon R. P. Bland.)

[1] Proof.

The East Indian trade with Japan and China was, by the breaking of the fixed ratio between silver and gold, stimulated at the expense of the gold-price countries (page 150, above); and such would be the result should the United States go to silver prices. See illustration, page 591, above.

between it and gold. In the words of Mr. J. C. Fielden, an English merchant dealing with silver-price countries: "If the United States were to say, 'We will go to silver prices and will clear England out of the whole of her Eastern trade,' and if she did, **you could not help yourself,** YOU WOULD HAVE TO RUSH TO THE USE OF SILVER IN ORDER TO ESTABLISH A PRACTICALLY CONSTANT RATIO BETWEEN IT AND GOLD." [1]

This testimony was given before the British Gold and Silver Commission November 14th, 1887.

The evidence given to this commission by other British merchants and financiers bore out this conclusion (page 130 above, and see also note below)[2].

Contra. Major McKinley says:

"The leading [European] nations of the world would be glad to

[1] The exact words he used are, "you would have to rush to a *silver standard*," but what he meant is expressed in the text. This is shown by other portions of his testimony.

[2] In the early part of **1896** Dr. Otto Arendt, of Germany, one of the members of the recent German Gold and Silver Commission, said: "If there were a fall in the American standard *to the silver level*, then Asia and America **united economically would with their cheaper money** DRIVE EUROPE COMPLETELY OUT OF THE FIELD." (The British Bimetallist of February, 1896, page 37, translated from the Deutsches Wochenblatt.)

May 10, 1896, the noted financier, Mr. Moreton Frewen, said: "As to whether by going to free coinage your great community [the United States] can maintain steady exchanges everywhere at 1 to 16 between gold and silver I am not going to dogmatize. At Brussels I found much difference of opinion. **Mr. Herman Schmidt, whose knowledge of exchange problems entitles his opinion to respect,** BELIEVES THAT YOU CAN. Mr. Grenfel [director of the Bank of England], on the other hand, thought **some small gold premium in New York probable.** M. Raffalovitch and M. Fougirel, two eminent economists, inclined to the view that SUCH A MODERATE GOLD PREMIUM ACTING AS A PROTECTIVE TARIFF, the premium falling when you had a bountiful harvest and large exports and rising in the event of harvest scarcity and a reduction of exports—that such an automatic tariff as this premium would create IS LIKELY TO BE WELCOME BOTH TO YOUR PROTECTIONISTS AND YOUR FREE TRADERS." (The National Bimetallist, June 3, 1896.)

See also above, pages 150, 591.

April 28, 1896, Henry Cernuschi said: "I would not hesitate **were I a citizen of of the United States to become**—I, Cernuschi, the father of international bimetallism as I am everywhere called—**a silver monometallist** * * * It would be a step toward international bimetallism, for **under the regime of the new standard the productive power of the United States would receive so enormous an impulse,** and this development would have **such a disastrous effect upon the economic and financial interests of England and the other European nations now governed by the gold standard,** THAT IT MAY BE CONFIDENTLY PREDICTED IN ADVANCE THAT THE COURSE OF EVENTS WOULD FORCE THE ADOPTION OF INTERNATIONAL BIMETALLISM AS THE ONLY TRUE SOLUTION EVEN UPON THOSE WHO TO-DAY DENY THE POSSIBILITY AND EFFICACY OF IT."

See also page 682 below.

put us upon a silver basis. There is little doubt that Europe only withholds consent to an international agreement on account of her belief that we will inevitably go to silver." (Speech at Niles, Aug. 22, 1891, opening Ohio campaign.)

The rise in general prices is an *incident* to

(1) The return to more stable prices *in the future*,

(2) The reuniting of the world commercially, and

(3) The doing away with the partly-credit money. But this "incident"—this rise in general prices—**will result in more justice than injustice.**

7. *Rising Prices: More Justice than Injustice.*

For as general prices have fallen 25 per cent during the past three years (page 29 above), the rise of 25 per cent *will not put the measure of prices back to where it was three years ago* (*page 742*); **to refuse to put it back as far as the free coinage of silver will put it is an injustice so great that none but thieves can view it with equanimity.** The great mass of indebtedness has been owing for more than three years, and to *deliberately refuse to raise general prices*—restore the measure—will be to become a partner in "legalized stealing." General Prices should *be put back* for the further reason that there are many other contractual obligations to pay money, for example, life insurance, building and loan contracts, etc., and then there are prices fixed by law and by custom.

Should the rise be even 30 per cent, 40 per cent or 50 per cent—an improbability—still the rise would result in more justice than injustice, for a 50 per cent rise of 68 (which is about the present United States index number) makes general prices only 102, whereas they have fallen from 137 since 1873 (page 29 above). People ask

8. *Why the Present Legal Ratio (16 to 1)?*

The reasons are these: The silver money *now in use* in the United States is coined at the ratio of 16 to 1, and throughout the rest of the world from 15½ to 16½ to 1. To change the ratio to 32 to 1 would lessen the number of silver coins one-half—**would contract the volume of silver money one-half**—and as it is falling prices we are trying to avoid, we certainly cannot put more silver into a dollar than we are doing at present. So much as to the Present effect. As to the Future, if we make larger silver dollars, then the output from the mines would make *a less number of dollars than would the present size of dollar*, and we have shown that **with the dollar of the present size the tendency will be for general prices to fall** (pages 212, 649 above). As to

The Rise of Prices During Transition,

we have shown that the 16 to 1 law will yield greater justice than would a smaller rise in prices.

Now as to

Our Objection to a Ratio of 15 1-2 to 1.

It is this: It is the ratio at which the silver money is coined in the other gold-using countries, and were we to adopt it, then all this silver money would be sent to the United States in exchange for gold; whereas, with a 16 to 1 ratio in this country **it will not come here.**

We will now set forth the defense of those who admit the evils of the present monetary system and who advise waiting for International Agreement:

9. ***The Defence Of International Bimetallists.***

They say,

a. "WAIT FOR INTERNATIONAL BIMETALLISM."[1]

This is our review of their defense:

b. DEFENSE REVIEWED.

The defense of International Bimetallists at 16 to 1 *admits* that, **"because of the fall in general prices due to the existing law,** *it is right to change the law so as to raise them,*" but they also say, "wait for the War-Threatened countries of Europe to enter upon the free coinage of gold and silver." We reply, this they will never do, for

Gold Is a Weapon of War; (page 192, above.)

[1]Prof. Taussig, the man employed by the trustees of Harvard University to advocate for the gold standard, met with the economists of the United States at Indianapolis December 27-31, 1895, and was forced to admit that the reëstablishment of the bimetallic standard would be highly desirable, but that to obtain it we must have an international agreement between England, France, Germany and the United States. He said: "I think that the international agreement so maintained *would cure some existing serious evils.* There are unquestionable evils arising from the present relation between gold and silver," but "the sound policy now to be followed in regard to international use of gold and silver is **a waiting policy.**" (Pages 79, 93, 81, report of proceedings.

There are other professors, who, after plainly showing the terrible evils which have followed the destruction of the bimetallic standard and the use of the gold standard, suggest as the remedy that *we wait for international agreement.* In the words of John H. Gray, Professor in the Economic Department of Northwestern University, Evanston: "The evil when fully appreciated *will not be tolerated.* **International Bimetallism seems the best thing to strive for"** (page 89, proceedings of 1895, annual meeting of American Economic Association). But he did not attempt to state the effect of the 16 to 1 law by the United States, nor did the management of the conference arrange for the discussion of the subject to have discussed it fully would have shown its merits and have shown the "fake" qualities of international bimetallism.

Should one of those states lose her gold it would endanger her existence. Whereas, should we enter upon the free coinage of silver and gold at 16 to 1 *and not re-establish that market ratio*, **then the European countries can increase their use of silver,** AS THEY ARE NOW USING IT. THIS THEY HAVE OFFERED TO DO.[2] If we enter upon the re-

[1] **1878.**

At the International Monetary Conference of 1878 Mr. Goschen, the noted English financier and statesman, said: "It is not desirable that silver cease to be one of the money metals. * * * A [further] campaign against silver would be extremely dangerous even for countries with a gold standard. * * * The American proposal for an universal double standard seems impossible of realization. A veritable Utopia; **but the theory of an universal gold standard is equally Utopian, and indeed involves a false Utopia.** It is better for the world at large that the two metals shall continue in circulation than that one should be universally substituted for the other." (Page 50 of Proceedings.)

1881.

Three years later at the next Monetary Conference (1881) the Bank of England offered to purchase silver bullion if "other countries would insure the certainty of conversion of gold into silver and silver into gold" and that so long as this was done **"the Bank of England, agreeable with the act of 1844, would be always open to the purchase of silver."** (Page 475 of Proceedings of Conference.)

1892.

In 1892 at the Monetary Conference of that year, Banker Rothschild, of London, a delegate to the conference, set forth an argument for England's continuing on a gold standard, stating among other things the use of gold as a war money (page 201, above), but **he advocated an increased use of silver by the European States as** PARTLY CREDIT **money,** saying: "The American Government are purchasers of silver to the extent of 54 millions of ounces yearly and I would suggest that, on condition these purchases were continued, the different Enropean powers should combine to make certain yearly purchases, say to the extent of about 5,000,000 pounds sterling annually, such purchases to be continued over a period of five years at a price not exceeding 43 [gold] pence per ounce standard [a ratio to gold of 23 to 1]; but if silver should rise above that price, the purchases for the time being to be immediately suspended. The details for such a scheme to form the subject of an international agreement to be discussed by different representatives of the different Powers. * * * I think that an arrangement of this sort might give general satisfaction, and **I venture to hope and believe that our American friends would find it acceptable.**

"I can see no objection either to silver being a legal tender in England up to 5 pounds, instead of 2 pounds, as it is at present. * * *

"Gentlemen, I need hardly remind you that the stock of silver in the world is estimated at some thousands of millions, and if this conference were to break up without arriving at any definite result there would be a depreciation in the value of that commodity [as compared with gold] which **it would be frightful to contemplate and out of which a monetary panic would ensue,** THE FAR SPREADING EFFECTS OF WHICH IT WOULD BE IMPOSSIBLE TO FORETELL. * * *

"I, therefore sincerely hope, gentlemen, that the humble plan that I have ventured to lay before you will be found worthy of your consideration, and, I need not say, I hope, ultimate approval."

establishment of the market ratio of 16 to 1, *and fail to do so*, **we shall have silver prices, and this will** COMPEL **the European gold-price countries to** "RUSH TO THE USE OF SILVER IN ORDER TO SECURE A PRACTICALLY CONSTANT RATIO BETWEEN IT AND GOLD." (see above.)

Can Compel Them to Use Silver as Now.

This was pointed out by James G. Blaine years and years ago (page 366 above), and as his Reciprocity plan was adopted and found beneficial, so will Independent Action on our part prove beneficial.

(Page 70, Proceedings of Int. Monetary Conf. of 1892.)

A somewhat similar plan by Moritz Levi, of Belgium, was laid before the conference and carefully discussed, as was also one by the late Doctor Soetbeer, of Germany.

The English delegate, Sir Rivers Wilson, said: "There can be no question, in our opinion, that all the governments who have sent representatives to this conference, even those who have instructed their delegates to act with greatest reserve, **recognize the presence of a danger;** otherwise there would be no justification for our presence here.

"What then is the danger which is exciting the public mind? The suspension of silver purchases by the Treasury of the United States has become the practical question of the day, and that event might under certain circumstances lead to the suspension of free coinage in India. What are the results to which this double action on the part of the great purchasers of silver might lead? Certain high authorities believe that the sudden cessation of the purchase of silver in the United States and the closing of the Indian mints, should these events actually occur, would lead to a heavy fall in silver [as compared with gold] and **a disastrous disturbance of commerce.**" * * *

"The instructions which we have received from our Government require us, before concluding that matters must be left as they are, **to examine with the greatest care any plan which may be submitted for the purpose of extending the monetary use of silver.** In order to avoid all misunderstanding I desire, on behalf of Sir Charles Fremantle and myself, to make in the face of this assembly our profession of faith. *Our faith is that of the school of monometallism, pure and simple.* We do not admit that any other system than the single gold standard would be applicable in our country. Now, the only plans which have as yet been studied by the Conference are those of Mr. Mortiz Levy and Mr. de Rothschild, and we are willing to admit that the adoption whether of one or both of these plans would perhaps not be incompatible with the principles which we hold. * * * It is possible that a plan may be formulated which will obtain the support of the Conference. Provided that such a plan were not in conflict with the principles which we have laid down, we can assure the Conference that it would receive **the most serious consideration from the Government which we have the honor to represent.**" (Page 112, Proceedings Int. Mont. Conf., 1892.)

The foregoing shows that the Government of England has understood the gravity of the case and has done its best to arrive at an understanding with the other gold-using countries, whereby they may INCREASE THEIR USES OF SILVER WHILE RETAINING THE GOLD STANDARD.

Folly of Waiting for International Free Coinage.

If any one suggests that the European countries *would not* increase their use of silver *in case we do not re-establish* bimetallism, then we reply that, admitting this to be so, still it is only the strongest kind of an argument for Independent Action on our part, **for it proves the hopelessness of waiting for "international bimetallism."** If the power of the Creditor class is such that *the increased loss* which their countries would suffer would not result in an increased use of silver *as partly-credit money*, then it is worse than idle for us to remain in our present condition, **waiting for them to enter upon the free coinage of silver.**

We have just referred to

c. THE POWER OF THE CREDITOR CLASS IN EUROPE.

They are interested in having money *increase in exchange value* **and therefore are for the gold standard.** In the words of the six gold monometallists of the British Gold and Silver Commission: "It must be remembered, too, that this country is largely a creditor country of debts payable in gold, **and any change which entailed a rise in the price of commodities generally,** that is to say, a diminution of the purchasing power of gold, WOULD BE TO OUR DISADVANTAGE."[1] Germany, Belgium and France are also creditor countries. **Their present attitude** toward joining an international agreement to Raise the Prices of Commodities was set forth May 10, 1896, by Sir. Moreton Frewen: "A fortnight since I attended a monetary conferance at Brussels and **I was much struck by the unanimity of the recognition there that those nations which are,** in Mr. Gladstone's phrase, **the 'creditor nations' are likely to concede** AS LITTLE AS POSSIBLE. The general opinion here in financial circles is that the United States is well able to pay the interest on her foreign debt, **even should the price of wheat, cotton, and your other staple exports** FALL MUCH LOWER STILL; **and further, that if for a few years to come you are to be obliged to borrow that gold interest from creditor England which you owe her,** ALL THE BETTER FOR THE CREDITOR."[2]

March 17, 1896, the British government through the Chancellor of the Exchequer said that under present circumstances WE DO NOT FEEL "JUSTIFIED IN PROPOSING OR ACCEPTING A DEPARTURE FROM THE GOLD STANDARD OF THE UNITED KINGDOM." After this manifesto had been issued, **Henry Cernuschi, "the father of International Bimetallism,"** said: "England, at least, will have her hands tied by the declarations of the Chancellor of the Ex-

[1] Final report, part 2, Sec. 128.

[2] Letter to Hon. R. P. Bland, of Missouri.

chequer; **but those same declarations will furnish the American silver men with** A DECISIVE ARGUMENT **for use in the present Presidential campaign.** If I were a citizen of the United States and were convinced that Europe by reason of England's attitude is fixedly hostile to the establishment of a stable monetary parity between gold and silver, obstinately rejecting all ideas of international bimetallic agreement, then *I should cease to be an international bimetallist*—which nearly all my friends in the United States are—**and should go over unhesitatingly to the camp of the silver men.**

"As a matter of fact, in its present economic situation, the United States of America, that great and youthful nation, suffers much more from the merciless conflict that has been in progress between gold and silver since 1873 than England, a very wealthy country, **creditor of the rest of the world,** possessing resources of every kind and enormous financial reserves, which enable her to endure with comparative ease the economic competition of those nations whose standard is depreciated in regard to gold, like the countries of the Far East, Mexico, the Argentine Republic, etc.

"The United States of America, on the contrary, are debtors to Europe for a portion of the sums which they have employed in the development of their industrial system, and must necessarily liquidate their debts abroad by realizing upon the products of their soil and of their manufactures.

"Now, as these foreign debts are on the one hand contracted in gold, and as on the other American products in Europe have to reckon with the depressing competition of similar products exported by countries having a silver standard or paper money, it follows that the **appreciation of gold in regard to silver** that has taken place since 1873 **has had a twofold result for the United States**—which have remained faithful to the single gold standard since that date—namely: (1) IT HAS DIMINISHED BY HALF ON AMERICAN TERRITORY THE PRICE IN GOLD OF ALL THE NATIONAL PRODUCTS WHICH ARE SUBJECT TO THE SAID COMPETITION; AND (2) IT HAS DOUBLED THE REAL BURDEN OF THE DEBTS CONTRACTED ABROAD IN GOLD, SINCE DOUBLE THE QUANTITY OF AMERICAN PRODUCTS IS NOW REQUIRED TO DISCHARGE THE ANNUAL LIABILITIES ARISING FROM THOSE DEBTS." See also statement by Senator Teller and other "bolting" Republicans, pages 115, 644, above.

The power of these people in Europe who are benefited by falling prices we do not really know, for there are

d. VALID OBJECTIONS TO INTERNATIONAL FREE COINAGE.

Gold a Weapon of War.

International Bimetallism means the free coinage of gold and silver

by several countries at the same ratio. Now the European countries are on a war footing and gold is one of their war weapons, and for them to enter upon the free coinage of silver alongside their gold coinage might result in losing gold, and such a disarming *might result in the destruction of the disarmed state.* In the words of Professor Lotz, of Germany: **"The military interest is the predominating one in our policy.** What then are the demands of the military interest? Each of the great nations which are preparing for the next war, France, Germany, Russia, are anxiously collecting a great fund in the vaults of their central banks. In the next year both Germany and France may be forced to borrow enormous sums of gold coin from their central banks and to suspend specie payment of bank notes during the time of war. The next war will cost enormous quantities of blood and enormous quantities of money. *But the war money will certainly be gold.* Since **gold is the war standard,** Germany, and France too, will prepare their standards *in view of the coming crisis,* **as they are preparing guns, powder and soldiers.** This is not a political argument of high ethical value, but it is a forcible one for our present policy" (page 192 above; same effect are the pages which follow). In the words of Professor F. C. Clark, at the American Economic Association meeting December, 1895: "I think some important points have been overlooked concerning the probability of an international agreement. The first is the question of War—**the phenomenon of nations hoarding for war.** A war footing among European nations means a gold footing, and so long as the *fear of war* exists among those nations which are at the same time the great commercial nations, there can be no free play of those economic laws and forces that the advocates of international bimetallism hold in view. **The very fact that these nations are on a war footing forbids any practical solution of the difficulties along any lines thus far proposed [i. e., free coinage of silver by European countries]."**[1] (See also illustration, page 381.) above.

Furthermore, the advocates of International Bimetallism have not suggested that there should be a prohibition of contracts discriminating against silver.[2]

Contracts Discriminating Against Silver Not Prohibited.

Such being the case, it is practically certain that **the bankers and the other creditors would make their contracts so that debtors should**

[1] Page 93 of Proceedings.

[2] In the words of the British Gold and Silver Commission of 1887: "It has not been suggested by the advocates of [International] bimetallism that we ought, if that system were adopted, to prohibit contracts requiring performance by the payment specifically of one or the other of the precious metals." (Final Report, part II, Sec. 114.)

pay in gold and thus keep gold at a premium over silver. In California during the late Civil War the people made their contracts so as to keep out the depreciated greenbacks, and gold contracts are common to-day.

This was pointed out by a portion of the British Gold and Silver Commission [1], and they advised that England should not enter into such an International Agreement for the free coinage of silver and gold.

And there is the still further fact that governments continue to increase their hoards of gold.

Increase of Government Hoards.

This, if continued, and the probabilities that they will are great (page 204, above), would withdraw practically all of the gold from circulation *and thus send it to a premium over silver.* This fact caused a portion of the British Gold and Silver Commission to advise against England entering into an International Agreement for the free coinage of silver and gold.[2]

Danger From Breach of Contract.

Furthermore, one or more of the European nations which should become parties of the International Bimetallic Agreement, **might change their minds and go back to the use of gold alone,** AND SO GAIN AN ADVANTAGE OVER ANOTHER STATE. In the intense competition which exists between the principal European states, **self-preservation demands that each take as little risk as possible.** This, in effect, was the statement of six of the twelve Commissioners of the British Gold and Silver Commission of 1887[3], and they, in conclusion, said: "At present the action of this country is not dependent upon the course taken by any other power. This condition of freedom would cease as soon as she became a party to an international agreement.

Hoarding by Bankers and Financiers.

And through "apprehension that the bimetallic arrangement could not be relied upon as permanent, and the fear of secession from it, might operate to strongly induce bankers and financiers to hold as large a stock as possible of gold rather than silver. This might cause a struggle for the possession of gold with consequent financial disturbance."[4]

In addition to all the foregoing there is this objection to international bimetallism, and it is an objection which of itself effectually dis-

[1] Part 2, section 114; Minutes of Evidence, section 9022.
[2] Final Report, part 2, Sec. 116.
[3] Final Report, part 2, sec. 115.
[4] Final Report of British Commission, part 2, sec. 117.

poses of "international bimetallism" as a real remedy: It **would be impossible to get the European countries to agree upon a ratio which would be acceptable to this country.**

Impossibility of agreeing upon a Ratio.

The words of the German Gold and Silver Commission of 1894, are to this effect: "If all the Governments of Europe and America should come together with the purpose of 'restoring' silver to its lost position, the question of fixing the ratio between gold and silver would be involved in disputes which it is reasonable to presume *would never be settled.*"

And finally there is this equally important objection, namely, the demand for international bimetallism is based upon the half-truth,

Rests Upon a Fallacious Basis

that bimetallic laws in force previous to 1873 "were ineffectual attempts to concurrently circulate gold and silver in *several* countries." The basis of the demand for international bimetalallism being **a false statement,** the need for international action on *this ground* is unnecessary.

e. RESUMÉ AS TO "INTERNATIONAL BIMETALLISM."

"International Bimetallism" has been a stalking horse whereby the gold standard advocates have duped the honest and fair minded people. In 1895 these "gold bugs" told us that "It is time to tear off disguise, 'international bimetallism' is a traitor in the camp. It is a false fraud. It can never be accomplished, thanks to the inability of the several nations to agree." This was uttered by Wm. C. Cornwell, President of the New York State Bankers' Association, at a banquet given by the bankers club of Chicago, April 7, 1895. This statement was applauded by his brother bankers, and a little later we find Secretary Carlisle uttering practically the same thing at a banquet given by the Chamber of Commerce of New York City. The Bankers have found however, that to carry this election they must continue to make use of the old fake "international bimetallism" and accordingly the platform at St. Louis declares for it (page 147, above), says:

Fellow citizens, when you cast your ballot in November, cast it in such a way that the bankers will hereafter understand that the producers of this country are no longer to be injured with falling prices. They have fooled us for 23 years, but now we see the force of Mr. Blaine's argument for independent action and **the bankers must stand to one side or be trodden upon; the American people are no longer to be fooled by the Rothschild-Morgan clique.**

10. *Resume of Ultimate Effect of a 16 to 1 Law.*

In 1890, the effect of the coinage law at 16 to 1 would have yielded a rise in prices (page 464) and good times (same citation), and we still would have had gold in circulation in the United States (page 458). Our opponents, namely, those who are benefited by falling prices, predicted all sorts of distress to the people in general, but our experience with the increased volume of money which resulted from the silver purchase law, showed that **they were False Prophets. They wished to retain falling prices for their own benefit.** To-day (1896) **they still predict distress if we increase the volume of money through the use of silver,** but **they have to** ADMIT **that the Ultimate Effect will be a Rise in prices, and experience has proved that** A RISE IN PRICES MEANS "GOOD TIMES." TO DENY THIS OUR OPPONENTS KNOW IS USELESS, THEREFORE THEY LAY GREAT STRESS UPON THE TEMPORARY EFFECT OF FREE COINAGE AT THE PRESENT LEGAL RATIO (16 TO 1).

B. *TEMPORARY EFFECT OF FREE COINAGE AT PRESENT LEGAL RATIO (16 TO 1.)*

1. *Claims Made by the Beneficiaries of Falling Prices.*

They say that the period *of transition* will be marked with distress for those benefited by Rising Prices for commodities.[3] A conclusive reply to this is:

[3] President Cleveland in his Chicago letter of April 13, 1895, said that if we "should sweep our currency from its safe support [sweep it from the gold standard] the most defenseless of all who suffer in that time of distress will be the poor." And he also speaks of the time as one of "disaster."

Major McKinley in a speech opening the Ohio Campaign of 1891 at Niles, August 22, said: * * * "The danger of free and unlimited coinage has been pointed out over and over again by leading statesmen of both political parties. The position of leading Republicans upon this question is so well known that I need not pause to quote from them. Let me call your attention, therefore, to what the leaders of the Democratic party, who are chief in its counsels, say. **No one has spoken with greater ability on the Democratic side than the ex-President of the United States, Hon. Grover Cleveland.** His letter written but a few months ago, taken in connection with his former utterances upon this subject, shows that **nothing could be more disastrous,** in his judgment, **to the business interests of the country and to the best welfare of all the people than the free and unlimited coinage of silver."** ("Speeches of McKinley," page 540.)

The Memphis Gold Standard Conference of 1895 said: "We favor in the absence of international coöperation the retention and maintenance of the existing gold standard, because change [under a 16 to 1 law by the United States alone] * * * would involve the country in such **panic, confusion and distress** that the products of agriculture and the wages of labor **would be unremunerated** [their prices would fall], the business of commerce [in commodities] would become unprofitable

2. *If Claim Were True 'tis Insufficient.*

"Even if it were true that there would follow some disturbance in business—even if we had to submit to some temporary inconvenience and loss—still the achievement at which we aim is so fraught with importance to ourselves, our children and theirs, that we should be glad to make any personal sacrifice. *Great results often cost life and blood and fortune,* **and they are cheerfully given up by the truly patriotic."** This is the reply which Judge McConnell of Chicago has made to the "scare-crow" put forth by the moneyed interests. It is a fair and sensible view of the case, *admitting for the sake of argument that it is true* that temporary falling prices will be met with. But shall we experience temporary falling prices? **Let the conditions which we shall encounter speak for themselves.**

3. *Agreed Facts.*

(1) When the United States shall enact a law for the unlimited coinage of silver and gold at the present legal ratio (16 to 1), through the issuance of certificates, it is agreed that **silver only will be coined in the United States for general circulation until the market ratio of 16 to 1 is attained,**[1]

(2) That silver will *be brought to this country* for coinage, and *through the issuance of certificates it can be transmitted into money as rapidly as it arrives,* and that **as the silver money goes into circulation it will drive gold from the country until either the market ratio of 16 to 1 is attained, or practically all the gold money is exported,** [2]

and our people engaged in industrial occupation would be **thrown out of employment."** (Part of the third plank of the Platform.) The foregoing was what *the beneficiaries* of falling prices set forth to the public as *their* objection, namely, that it would produce Falling Prices.

[1] Common experience assures us that this will be so.

[2] The fact that human nature is such that debtors pay in the cheapest money permitted by their contract is designated by the term Gresham's Law, page 225, above. In the words of Professor Laughlin: "During the period 1792-1834 [silver in the United States was cheaper than gold at the mint, and] the result was to *drive out* any gold that was in use [in the United States] as money." (Facts about money, page 52.) In 1890-'91 the effect of increasing the volume of money in the United States through purchases of silver was that a larger amount of gold was exported than there would otherwise have been. During the first seven months of 1891 $70,000,000 in gold *was exported.* (Appleton's Annual, 1891.) During 1890, as now, the objection of free coinage by the United States at the legal ratio [16 to 1] was, that our gold would be *driven out and would flow into Europe.* President Harrison in his Message to Congress, December 9, 1891, spoke against the free coinage of silver by the United States alone at 16 to 1, saying that it would result in "*the loss of our gold to Europe* and the relief of a pressure there for a larger currency [rising prices]." Major

(3) That the gold exported from this country *for monetary uses abroad* will **be sent to the gold price countries.**[1]

(4.) As to where the silver will come from which is imported into the United States, it is agreed that **the silver in circulation in the gold standard countries will not be sent here,** for it is in use at a ratio of 15½ to 1—*less than 16 to 1.* It will not pay to melt it and send it where the free coinage ratio, etc., is 16 to 1.[2]

(5.) The effect of the gold-price countries *retaining their silver money and receiving into their circulation the gold exported from this country* will be to **raise prices to all these gold-price countries,** for with them the law provides for the unlimited coinage of gold into money.[3]

4. *Conclusion—A "Bull" Panic.*

It follows that **when the owners of gold money** (or its equivalent) **learn that a bimetallic law is about to go into operation in the United States at 16 to 1, thereby lessening the exchange value of gold, they will attempt to exchange the gold money** (and the credits payable in gold money) **which they may own for property other-than-money.** This idea will prevail *quite generally* and therefore the rush to exchange gold for property will be *quite general;* in short **a scramble for property —a bull panic.**

This conclusion inevitably follows from the agreed facts.[4]

McKinley in a speech at Niles, August 22, opening the Ohio campaign in 1891, said: "There is little doubt that Europe only withholds consent to an international ratio on account of her belief that we will inevitably go to silver [*and she thereby get our gold*].

That silver certificates can be issued in great quantities without delay is a matter of history. This speed can be attained because the coinage of the certificates permits of great rapidity, and the assaying of the silver and weighing of it can also be performed in such a manner that great quantities can be readily handled.

The coining of silver bullion into money through the issuance of certificates is included in "unlimited coinage" or "free coinage." Same effect Secretary of the Treasury Windom in his report of 1890.

[1] In the words of the Memphis '95 gold standard platform: "There is no silver standard country which does or can utilize gold as money." (The third plank.) President Harrison said that free coinage at 16 to 1 in the United States would result in "the loss of our gold to Europe."

[2] These are facts of common knowledge.

[3] All admit that when gold flows into the gold-using countries of Europe it tends to raise prices in general within those countries. In the words of Secretary Carlisle in his Covington speech: "That the amount of money in circulation, or available in circulation, has more or less influence upon the prices of commodities is not disputed by anybody."

And a further fact admitted by all is that prices in the gold-using countries tend to a level.

[4] In the words of the New York Sun: "Everyone who has money at his disposal can protect himself against loss

"Good" Times.

With each "bull" panic, i. e., with each period of rising prices for property other-than-money, the times are described as "on a boom," or as "good" times. The reason for the use of these terms is that *everyone is working who will work* **and there is an increase in wages more than in proportion to the rise in price of property.**

Real Wages Increase.

This is because of the greatly increased demand for labor, and the further fact that with the rise in general prices the prices fixed by *law* and by *custom rise but little or not at all and thus the wage when expended goes farther* (same effect; page 92, above). When we had the "bull" panic in the spring of 1895 and wages were advanced, there was no increase in the cost of gas, nor of street car fares, nor railway fares, nor in the multitude of things the prices of which are fixed by custom or by law.[1] The consensus of opinion among wage-earners as set forth through their trade unions and their leaders is that they prefer rising to falling prices; in fact, **the gold standard advocates during the rising prices** (depreciation in money) **of last spring and summer were the loudest shouters as to the benefits which were accruing to the wage-earners through the full employment which had resulted and the rises in wages.**[2]

The Bugaboo.

The bugaboo put forward by those whose interests are enhanced by the appreciating gold standard is this: When it is known that there is to be a law for the unlimited coinage of silver the same as of gold, the gold will at once be hoarded and so the volume of money will be immediately contracted, and, they further say, the prices of commodities will, at the same time, Rise.[3] These statements are inconsistent. We will waive this latter part of the statement and consider the Hoarding of Gold.

Suppose for the sake of argument that we admit that the free coinage of silver and gold at the present legal ratio (16 to 1) will for a time result in the gold dollar (which is now at 90 per cent premium over

through free silver [rising prices for property] **by converting his money into land, houses and merchandise of various kinds.** If, besides, he borrows more money and uses it for the same purpose, he will make a profit on the transaction *at the expense of the man from whom he borrows.*" (Quoted in Chicago Tribune of July 19, '96, p. 34.)

[1] **Contra,** President Cleveland in his Chicago letter of April 13, '95, said: "It ought not to be difficult to convince the wage-earner that if there were benefits arising from a degenerated currency [rising prices for commodities] they would reach him *least of all.*"

[2] Page 585, above.

[3] In the words of President Cleveland

371¼ grains of *pure silver bullion*) not losing *all* its premium for some months? *The premium does not imply that it will not be used as money, for* **the banks will continue to hold it as part of their reserves,** and thus it will continue to be a basis of credit the same as now. Gold will also "circulate" (pass from hand to hand). The only difference between then and now will be that so long as gold is at a premium as compared with silver money and paper money it will pass for *more than 100 cents in silver.* The fact that gold when at a premium is still used as money **is evidenced by history.** During the general suspension in specie payments which took place in the United States from May, 1837, to May, 1838, the specie held by the banks was 40 million dollars during 1836; *in 1837, 38 million dollars; 1838, 35 million dollars;* 1839, 45 million dollars; in 1840, and this was after resumption of specie payments, only 33 million dollars.[1] Thus it will be seen that **while gold was at a premium in the United States it was still in use within the country.** When gold went to a premium during the late war, the banks continued to hold such a quantity of gold as a basis of credit that in 1871, 72, 73, when Germany's new demand for gold oc-

in his message to Congress December 2, 1895: "Free coinage of silver at 16 to 1 would be the signal for the complete departure of gold from our circulation—the immediate and *large contraction of our circulating medium* and *a shrinkage in the real value and monetary efficiency of all other forms of currency* [i. e., rising prices for commodities] as they settle to the level of silver monometallism [higher prices for commodities]. Everyone who receives a fixed salary and other workers for wages would find the dollar in his hands ruthlessly scaled down [because of the rise in prices of commodities] to the point of bitter disappointment if not to pinching privation." In short, President Cleveland says there will be a large contraction of our circulating medium and at the same time there will be rising prices—an absurdity.

Major McKinley, in a speech in Ohio August 22, 1891, against the free coinage of silver by the United States at 16 to 1 said: "The gold dollar having now a greater exchange value than the bullion in a silver dollar will, [in case of free coinage at 16 to 1], be taken from the circulating medium of the country *and hoarded,* and the effect will be that the circulating medium *will not be increased* **but reduced to the extent of the gold now circulating,** and we will be compelled to do the business of the country with a silver dollar exclusively, which under present conditions is confessedly the poorest [i.e., of less purchasing power—higher prices for commodities], instead of doing our business with gold and silver and paper money, all equal and all alike good. The volume of our money will therefore be contracted." But a little later he contradicted himself by saying that the immediate effect of a free coinage law would "make this the dumping ground of the world's silver," and that we should have "a depreciation of our currency" [rising prices for commodities]. In short Major McKinley agrees with Grover Cleveland that there would be a Contraction of our Currency and at the same time Rising Prices.

[1] Report of the Comptroller of the Currency, 1877.

curred, there was exported from this country $136,700,000 in gold.[1]

There is no question, then, but that should the gold dollar (which is now at a premium of 90 per cent over 371¼ grains of pure silver) retain something of a premium after the free coinage of silver and gold at 16 to 1 goes into effect, still **it will remain in the country and most of it do duty as money until the coinage of silver through the issuance of certificates shall** DISPLACE IT.

"But," say those who wish to preserve their appreciating gold standard, "if we admit, *as we have from the agreed facts*, that gold will lessen in exchange value if there ever comes a time when a bimetallic law is *about to go into operation* in the United States, still *the few months just preceding* the time at which the bimetallic law is 'about to go into operation' *would be a time when prices would fall rapidly*—**there would be a 'bear' panic.**"[2] To such a proposition the bimetallists say: "You admit a great deal, and we will proceed to examine your last proposition."

5. *Will There Be a "Bear" Panic?*

The bimetallists ask how this bear panic will come about? Our opponents reply: "Because whenever such change should be seriously threatened it would cause *an immediate attempt to collection of all debts in anticipation of the result which free coinage would produce* [i.e., *in anticipation of the cheapening of money*]."[3] In short,

"Creditors Will Demand Payment."

To this the bimetallists reply: "Your claim, then, is that creditors will demand the payment of all the 'dollars' because they know that should the unlimited coinage at 16 to 1 *take place*, dollars would have *a less exchange value.*"

Before we say "certainly, the creditors will demand payment," let us examine the case *in the order of time in which the events will occur.* When the probability of a return to the bimetallic standard *begins to enter the minds of speculators*, the result will be this: The larger proportion of those holding "promises to pay money properly secured" are individuals

[1] U. S. Statistical Abstract.

[2] In the words of the platform adopted by the Memphis Gold Standard Convention: "We therefore favor in the absence of international coöperation the retention and maintenance of the existing gold standard because a change from the gold to the silver standard [i. e., the change which would result from the enactment of a law for the unlimited coinage of gold and silver at 1 to 16] * * * would involve the country *in such panic, confusion and distress* that the products of agriculture and the wages of labor *would be unremunerative*, the business of commerce *would become unprofitable*, and our people engaged in industrial occupations *would be thrown out of employment.*"

[3] Portion of the third plank in the platform adopted by the Memphis Gold-Standard Convention.

who are *not of a speculative turn of mind;* they prefer a fixed sum well secured to owning property and running the risk of its falling in price (when compared to other property).[1] Now speculators will begin to anticipate the return to 16 to 1 and so begin to bid up the price of products (personal property). They will do this *before the belief shall have* ized *creditor classes that they had better change their investments from "credits" to "products* (real estate will rise in price more slowly than products). Then as the probabilities of a return to the bimetallic prices sway back and forth the speculators *will continue to put up the prices of products faster than the creditor classes will be willing to follow, and* **consequently most of those who are in the creditor classes when the rise begins will remain there.**[2] In short, the speculators will put prices up faster than the cautious creditor classes will follow, and consequently the creditor classes will remain creditors except in a comparatively small number of cases.

Of course the creditors will, at an early stage, demand that all credits *past due* shall be *at once paid or a new promise be given changing the obligation from "dollars" to "gold dollars."* And debtors will, of course,

[1] That the above is a fact is common knowledge; the statement of the case almost makes it a self-evident fact. The great creditors of Europe with their millions upon millions of dollars in bonds prefer them to owning property which they must manage; now they have only to "clip coupons," and, besides, to invest in property other than real estate, that is to say, products, is to run great risks of depreciation. There is the risk of new improvements, large or small crops, fire, storms, etc.

[2] An illustration occurred during March, 1895, and the succeeding months. During March the gold price of silver rose rapidly, owing to the indications of a return to bimetallism at 16 to 1 (page 579, above:) On March 15 "silver bullion reappeared as a speculative feature of the New York Exchange, and sold at 61⅜ cents per ounce, on March 25, 63⅜, and on Saturday, March 30, the price rose rapidly to 65¼. The quotation Monday, April 1, was 67½ cents, and on that day about 300,000 ounces changed hands in the New York market." (Same citation.) Now, how many of those who were not actively engaged in speculation at the time silver began to rise bought in in time to make a profit? Very, very few. Most of them still think that so great a rise in so short a time was uncalled for. Then when the prices of other products began to rise as a result of the rise in the gold price of silver (page 579, above), those who were not "born speculators" did not get in "on the ground floor." Other causes than the increased probability of a return to the bimetallic standard helped to boost prices, but did the creditors, *as a class*, sense these causes in time to profit by them? We think that very few of them profited by the 30, 50 and, in some cases, 100 per cent rise in the prices of stocks (page 583, above). When we reflect that the rise in the gold prices of products will as a whole be but about 20 per cent when a 16 to 1 ratio is **finally established,** it will be seen that *the rise will most of it take place before the creditor classes wil sense the cause of the rise,* **and then they will deem it unwise to change their credits for products or real estate.**

consent to thus change their promises unless they prefer to pay up wh they owe. A debtor will not tell his creditor to go ahead and collect h debt unless he expects that gold money will be at a considerable pr mium over silver money about the time the execution shall be ready t serve.

The predictions which the gold standard advocates make, that dis tress will *naturally follow* an attempt to change from the gold standard t the bimetallic at 16 to 1, are like many of their other arguments—*intende to deceive in order that the appreciating gold measure may be continued.* Th facts are that knowledge that silver is to have free coinage the same a gold, and at the present legal ratio, instead of *naturally*, tending t create distress, will tend to cause the prices of property in the Unite States and Europe to rise. **This rise will tend to take place in proportio** AS THE PROBABILITIES ARE **that the free coinage at 16 to 1** WILL SURE OCCUR. Now with rising prices, Credits are given by many of those wh are desirous of selling at market prices,[1] and with rising prices for prop erty there is an outpour of money from the hoards;[2] and with risin prices for property the bank depositors check against their deposits ver largely, but it is to exchange it for property, and *this keeps the mone in circulation.*[3]

The increase in prices with only the present volume of money an

[1] That this is so is manifest when it is considered that the exchanges in the markets occur because the minds of those having money *meet the minds of those who wish to exchange property for money* (or promises to pay money). The minds of seller and buyer meet because *opinions differ as to the future of prices*, and this results in speculative changes in the markets. Some of the sellers prefer promises to pay money to that of holding the property and taking the risk of a lower price, and this is especially true where first-class securities are given with the promise to pay.

[2] Such has always been the case, for when money is lessening in exchange value the possessor of it attempts to change it for the property that is increasing in exchange value. See history of the years 1880 and 1895, pages 385, 582, above. In short, when property of any kind is about to depreciate the holders attempt to pass it on and thus avoid the fall in value.

[3] **Bank Depositors** will not draw ou their funds through fear of the bank being unable to repay them dollar fo dollar, for *the securities held by the bank improve as the prices of property mov up.* One reason for depositors seeking to draw money from the banks will b that *they* may purchase property, bu **this keeps the money in circulation** A second reason will be that they ma wish to draw out gold to lock it up thinking that when the silver mone goes to its bullion value gold will be a a premium. If this is thought to b the result still each individual wil *know* that the exchange value of gol *will lessen in proportion as the certain of the United States opening her mint at 16 to 1 is assured*, and therefore th **holders of gold will attempt to put i in circulation in proportion as there i a certainty that the United States wi enact a 16 to 1 law.**

"Frankfort and Germany, $150,000,000; usual field, Austria, Russia and the United States.

"New York, E. G. Eickelstein, Knauth, Nachod, Belmont, $30,000,000; usual field, Europe.

"Vienna, 80 to 150 persons, $40,000,000; usual field, Paris Germany and Hungary.

"London, various persons, $100,000,000; usual field, China, India and the United States.

"In all about 600 firms, with $830,000,000.

"These are the dealers in money per se; they have this minimum amount at their disposal in the hardest of hard cash. **They are not under and do not care a rap for the United States constitution, German laws or French statutes."**

b. THE POWER OF THE MONEYED INTERESTS.

"The private bankers or arbitrage brokers of Europe are **the real arbiters of governments' credits, moneys and values.** * * * The screaming eagle, roaring lion, growling bear, gobbling turkey are meek and on a footing of intrinsic merit when they knock at the three-ball money-shops of the Rothschilds, Bleichroders, Hirsches, Pateras, Lazares, Ickelheimers, and certainly 600 others engaged in arbitrage."

We have **another estimate** of the Power of the chief moneyed men of Eutope: About February 1, '95, President Cleveland applied in New York to the agents of the Rothschilds for a government loan. The contract entered into discriminated against "coin" bonds to the extent of $16,000,000. The contract provided, however, that the United States, by giving a ransom *more valuable* might have this sum remitted to them, *but Congress refused to take the bait.* The aggregation of individuals who entered into this contract with the United States was thus described by the editor of Bradstreet: "It is probably **the greatest financial syndicate ever organized.** It is practically a blind pool with several hundred members in the United States and abroad [besides the London and New York houses of the Rothschilds and Morgan] **whose total wealth is probably not less than $600,000,000."** [1]

c. THE MONEYED INTERESTS COMBINE.

That the moneyed interests combine is demonstrated by *the existence of the syndicate first mentioned,* which is **"practically a blind pool with several hundred members in the United States and abroad."** Further evidence of the manner in which they combine is the bear panic of Friday and Saturday, December 20 and 21, '95: Thursday of that week

[1] Review of Reviews, July, '95.

there was a meeting in London of the leading moneyed men of England. This was the third day after President Cleveland had delivered his Venezuelan Message in which the question under discussion was "*Shall all English houses withdraw their credits from the United States?*" **And on the morning following this conference the prices of American stocks in London tumbled as if a military war had been declared.** during two days, first-class stocks like the N. J. Central, fell 17½ points; Rock Island, 16⅛; Pullman, 15¾; St. Paul, 15½; Lake Shore, 14⅞; Burlington, 14⅜; N. Y. Central, 10¼; Ill. Central, 10. The moneyed interests forced down prices *by selling great quantities of stocks and bonds and shutting off the supply of money and credits;* the aggregate European sales were $13,542,000, and in New York "none of the moneyed institutions would renew loans at less than 4 per cent and many of them *would make no renewals at any advance.* **To carry stocks along money was frequently lent at as high a figure as 75 per cent before 2 o'clock Friday."**[1] This action by the banks was taken in the face of the fact that "the surplus reserve amounted to $20,000,000." All this occurred when nothing new in the controversy between the United States and England had occurred since the preceding Tuesday. *The moneyed interests simply took that opportunity to "work" the stock market,* **and what was evidently of far more importance to them,** INFLUENCE LEGISLATION FOR THE RETIREMENT OF THE GREENBACKS. For at this time the gold reserve was down to about 70 millions and it was understood that President Cleveland would not issue more bonds *until Congress should refuse to retire the greenbacks.* And during the afternoon of Friday President Cleveland fulfilled his part of the program by not advertising a bond issue but sending instead a message to Congress, saying: "I ask at the hands of Congress such prompt aid *as it alone has the power to give.*" This was what he in effect said (page 614, above). **He also asked for the retirement of the greenbacks** and expressed "the earnest hope" that it would not take a recess from its labor" before considering the recommendations submitted in the Message.

In the House two bills were framed, one providing for additional revenue from import duties and the second providing for 3 per cent coin bonds to replenish the reserve, **and further providing that the greenbacks presented for redemption should not be reissued.** THUS DID THE LEADERS IN A REPUBLICAN HOUSE SHOW THAT THEY WERE WORKING IN THE INTERESTS OF THE MONEYED CLASSES. SPEAKER REED MADE THIS "BID" FOR SUPPORT BY THE MONEYED INTERESTS FOR A PRESIDENTIAL NOMINATION WAS AT HAND. The Republicans from the West and South refused, of course, to vote for the measure and it was amended by *striking out the clause which forbade the reissue of the redeemed greenbacks.* The bill, however could not have passed the

[1] Chicago Times-Herald, Dec. 21, '95.

Senate, and very likely it was because of this that no determined attempt was made to force its passage in the House.

During the time the House had the provision under consideration and up to the time that it was manifest that the attack of the moneyed interests was not to be followed up, speculative prices bobbed up and down, just as the prospect of an early bond issue was apparently near or distant (page 615, above). The moneyed men who were posted as to *the distance* of the bond issue were able to "win" great sums of money. If *in addition* to a knowledge of the distance of the bond issue they had a knowledge of *the plans of the "syndicate"* **then their speculations were practically a "sure thing."** It is certainly fair to suppose that the combination of moneyed interests which *inaugurated* the attack Friday morning, December 20th, *continued to combine* up to the time the acceptance of the offer for bonds was announced.

Resume as to Combination.

In this matter of Combination the point should be observed that in 1893 that which was practically a syndicate undertook to secure the unconditional repeal of the silver purchase law. They succeeded. The second step in the great conspiracy against the people was to secure the retirement of the greenbacks. The fight opened immediately after the general elections of 1894 and continued up to February 1, '95, when it was evident that Congress stood firm for the rights of the people. The moneyed interests then changed their tactics; they built up the gold reserve and laid their plans for raising prices whereby to "kill the silver craze." **The existence of the syndicate at this point is a matter of record.** It was "practically a blind pool with several hundred members in the United States and abroad." With speculative prices (the prices of stocks) raised at the time Congress convened in December '95, the conditions were just right for the "syndicate" to take the "bear" side and receive immense returns from working the gold reserve with greenbacks, thus furnishing again an "object lesson" to the people and to Congress. The gold reserve was worked. The Chief Executive did not replenish it; it got down to 70 millions of dollars. Then the Chief Executive came out with his Message on the Venezuelan boundary and a splendid statement of the Monroe Doctrine. The people received it with great enthusiasm. While the enthusiasm was at its height, the moneyed interests made a heavy bear attack on speculative prices, *threatening to sweep the gold reserve away through the use of greenbacks:* In London the slogan was "the United States are going to the silver basis."[1]

The Chief Executive, instead of advertising for a bond issue, sent

[1] Chicago Times-Herald, December 21.

a Message to Congress stating that *it alone had the power to give aid*, and in effect saying that this aid was the retirement of the greenbacks. The attack, however, failed to secure the retirement of greenbacks *even though the people were at that time warmed toward the President* as the result of the Venezuelan message. **The Senate stood guard and stopped the tendency to a stampede for the retirement of the greenbacks by passing a resolution for the unlimited issuance of greenbacks in case of war.**

The foregoing shows that **during the past three years the moneyed interests have combined more and more effectively.** WE ARE IN AN ERA OF COMBINATIONS. An instance occurred in the summer of '95: Banker Morgan, of New York, acting as the agent of the leading moneyed interests, took the presidents of the principal railways of the United States aboard his yacht and at the end of a short trip *told them that they must combine to keep up rates.* Did they resent such action? Well, **they obeyed** and that was all that the moneyed interests wanted of them. **Another instance occurred during July of this year ('96, when the leading European Bankers** COMBINED TO INFLUENCE THIS ELECTION (page 121, 2nd column).

In this era of combinations the moneyed interests are leading; their combinations are becoming more and more to act as one man. **Where will it lead to?**

Besides the combinations just mentioned, the attention of the great American jury is directed to **the growth of the power of the banking interests in the United States.**

The Combination of Bankers.

In the '70's the American Bankers' Association was formed. The advantages of thus combining soon became manifest. The Association gained strength and Bankers' Associations *in each of the several states and in the principal cities were formed.* **Of the State Associations "there are now thirty of them, with a total numerical strength of nearly 3,700 members."** "And," continued the President of the American Bankers' Association in the annual address of '95, "these Associations are capable of and do exert *a powerful influence in the localities in which they exist.* * * * We cannot hope to change our political system but we can and should utilize all the agencies at our command *to increase our own welfare* and usefulness. * * * **We are organized for mutual benefit.** * * * This cannot be successfully accomplished by a national organization except through auxiliary bodies CLOSELY IN TOUCH WITH LOCAL LEGISLATURES. * * * It was entirely through the efforts of the Bankers' Association of the State of Illinois that "*the days of grace were abol-*

ished."[1] Within the several States the Bankers have recently organized their members into "Groups."[2]

The foregoing points out, in a measure, **the great combination into which bankers in the United States have entered,** AND THE EFFECTIVENESS OF THAT COMBINATION. The President of the New York State Bankers' Association, in April, 1895, gloating over this fact, said: "If in 1875, 1876, 1877 and 1878 the bankers and sound money men **had been organized as they are now,** and had spoken out as they are speaking out now, had started on a compaign of education as they are starting out now, the greenback would long ago have been wiped out and the silver lunacy before it had wrought incalculable damage [to the moneyed interests] would have been confined to the asylums where it belongs."

Fellow citizens, is it not A FACT **that "banking institutions are more dangerous to our liberties than standing armies?"**

d. WHAT SHALL WE DO?

As the moneyed interests control the supply of money we must first break this combination by enacting "a law which shall furnish an elastic volume of money direct to the people" (pages 514, 676, above), and let there also be a return to the bimetallic standard of prices—a standard more stable and which shall reunite the world commercially. **These are the two reforms which must be inaugurated if civilization is to progress.** The discoveries and inventions of our times have been such as to place men in all parts of the world *in almost instantaneous communication with each other.* This has made possible an effective combination of the moneyed interests. **Now, can our civilization control the moneyed interests?** The moneyed interests must be so controlled as to best promote the general welfare *before civilization can progress much further.* **Reader, what is** YOUR DUTY **concerning the proper solution of this question?** Think it over carefully and lay out your plan of action. Each of you

[1] The growth of the "days of grace" in the payments of obligations *marks the growth of equities in civilization.* This regulation was *abolished in Illinois* **"entirely through the efforts of the Bankers' Association,"** and in that State and in *eleven other States* the Bankers' Associations have accomplished like results (the address above quoted).

[2] The New York World in an issue early in '96, contained this news item.

"*Group No. 7* of the New York State Bankers' Association, embracing representations of out-of-town bankers, met at the Murray Hill Hotel yesterday and passed the following, which was preceded by a declaration of the evils of the free silver agitation:

"'*Resolved,* That we urge upon the delegates to the National Convention of both of the political parties the necessity of insisting on such action as will secure a plain and unequivocal declaration on the maintenance of the *present gold standard.*'"

have a responsibility in this matter which you cannot honorably evade now that you have had the matter brought to your attention. Religion Patriotism and Reason urge you to action. Remember that civilization after civilization has retrograded; that the Roman Empire fell after general prices had fallen 75 per cent. In the words of the eminent scientist, Charles Darwin: Nations have retrograded, progress "depends on many concurrent, favorable conditions." Remember that *your* efforts may be such as to turn the scale for the securing of legislation which shall result in the general recognition of the fact that stability in the exchange value of money is the desideratum, and that the people shall control the supply of money, and return to the more stable bimetallic standard of prices.

We have shown that

(1) Through legislation the exchange value of money has been doubled, and

(2) Through the manipulation of prices in other ways vast wealth has been accumulated in the hands of the few.

(3) And we have shown that "the moneyed interests *combine.*"

In this matter of combination we saw that "we are in an era of combinations" with *the moneyed interests in the lead* **and combining more and more effectively each year.** What does this point to? Manifestly **it points to greater and greater accumulations of wealth in the hands of the few.** During the past three years the moneyed interests have through the control of credits and the supply of money put prices up or down *just as they pleased.*

f. HOW THE FEW MULTIPLY THEIR WEALTH.

This "sure thing" multiplies the wealth of the few very rapidly and if not put a stop to must result in greater and greater wealth in the hands of the few. Already the individuals who compose the "syndicate" with which the United States is dealing, has a "total wealth of probably not less than $600,000,000." THIS NEW METHOD OF "SPECULATION" (this "sure thing" method) MUST BE CONTROLLED BY SOCIETY IN ITS ORGANIZED CAPACITY—THE STATE. At present the few moneyed men through controlling the volume of money know *in advance* whether prices are to go up or down, and it follows that *the State itself must control the volume of money and in doing so endeavor to maintain stability and proclaim publicly such changes as are made in the volume of money in circulation.* The great cannons of modern warfare have called into existence an armor proportioned to the strength of these new inventions. Will the modern tactics of the moneyed interests call into existence an armor for the people proportioned to the strength of their

inventions? **Can the modern State protect her citizens from the moneyed interests?**

f. CAN THE MODERN STATE PROTECT ITS CITIZENS?

Remember that civilizations have fallen; that the sway of the moneyed interest has been growing greater and greater since 1865; that it succeeded in securing legislation in Europe and the United States that destroyed the constant ratio between the two metals and so brought into existence the gold standard and the silver standard; that the gold standard has been gradually extended through legislation and the measure of exchange value proportionately increased. In no country in Europe is it possible for the people to return to the bimetallic standard of prices. **Therefore, the United States is apparently the "last ditch."** BUT IN THE UNITED STATES THE MONEYED INTERESTS OF THE ENTIRE WORLD OPERATE AS ONE INDIVIDUAL. AS ONE INDIVIDUAL THEY DOMINATE THE REPUBLICAN PARTY, WHILE THOSE OPPOSING IT ARE IN SEVERAL CAMPS AND ALL HAVE PREJUDICES WHICH TEND TO HOLD THEM TO THE NAMES OF THE PARTIES TO WHICH THEY HAVE BELONGED. CAN THESE PREJUDICES BE OVERCOME AND THE PEOPLE VOTE TOGETHER AND SO SECURE THEIR LIBERTIES THROUGH SECURING SUITABLE LEGISLATION? A crucial point in our civilization is at hand, the stake is the greatest that men ever worked for, for civilization never before attained so high a point. Each person should willingly sacrifice his life if thereby the progress of the human race will be assisted. **But the sacrifice asked of each American citizen is not so great as this; it is simply that you put forth your wealth until you feel pinched** AND THEN GIVE A LITTLE MORE; AND THAT YOU WORK BY DEED AND WORD UNTIL ELECTION DAY. AND THEN GET UP EARLY, PUT IN YOUR BALLOT AND SEE TO IT THAT EVERY INDIVIDUAL WITHIN YOUR REACH REALIZES THE GRAVITY OF THE SITUATION. **As you are earnest or indifferent so may the result be,** FOR YOUR CONDUCT MAY TURN THE SCALE.

Let us now examine into the matter of

2. *How the Moneyed Interests Secure Legislation.*

First, as to how votes are secured at elections, and, secondly, how legislation is secured in Congress (we will not consider State legislation).

a. METHODS BY WHICH FALSE TEACHINGS HAVE BEEN SECURED.

First, through the *printed words* put forth by university professors

and other teachers; secondly, through the false *verbal* teachings in schools and universities; thirdly, through the *printed words* of bankers and such others as are reputed to be students of finance; fourthly, teachings through the *verbal* utterances of those just mentioned; and fifthly, through the newspapers and other periodicals.

We will consider them in the order named:

(1.) THE PRINTED WORDS OF UNIVERSITY PROFESSORS AND OTHER TEACHERS.

Knowledge—knowing the Truth—has two principal stages. First, there is its Discovery, and discoveries are in nearly every case made by those who are specialists in that particular branch of learning. The second stage is the Dissemination of knowledge.

In the discovery of New Truths, universities rank first. They have justly acquired this eminence. Within their walls students who have devoted their lives to investigation, delve for the Truth, impartially weighing facts and theories in an endeavor to discover new laws of nature or the explanation of phenomena through ascertaining that they are caused by known laws. So great a hold has the university upon the public mind that the people in many cases support them with public funds (e. g., state universities), individuals upon their death-beds endow them and the state remits all taxation of the buildings and grounds. **The people have very justly come to look upon the universities as the strongholds of Truth and the teachers within their walls as Priests of Truth.** *The effect upon the people, then, of the utterances of professors in universities cannot well be overestimated.* **Correspondingly important has it been, then, that the moneyed interests should so far as possible appoint the professors in the departments where the truths concerning money, are purported to be taught.** In appointing to such positions advocates for themselves they of course appoint those *who will advocate their side of the case*, and who will *best* advocate it—*those who will put forth sophisms and put them forth in the manner best calculated to deceive.* Those sophisms best calculated to deceive are *fundamental* ones.

Fundamental, Concerning Sophisms.

For example: the statement that the effect of the bimetallic laws was that in each country *they failed to concurrently circulate silver and gold* and *omitting to mention* the fact that these laws resulted in a practically constant ratio between gold and silver (p. 242, above). When this latter fact has been called to their attention it has usually been denied (same citation), and in one case illustrated by a diagram in which the slight variation in the ratio was put on a scale ten times larger than the scale used to show the variations in the output of the mines.

Again, they deny that the bimetallic laws resulted in a "constant ratio," or, what is the same, that they did not preserve a "parity" between the two metals (p. 249, above). This misstating the position of one's opponent and then proving that the position *as stated* is incorrect is a trick of advocacy older than Methuselah.

Another fundamental sophism put forth by a professor in a university is this: No law of Congress can affect the exchange value of gold and silver (p. 256, above.)

To make the people believe that an increase in the measure of exchange value causes *but little injury to society*, a professor in a university has issued to the public a book in which he asserts that when general prices rise or fall, *it affects "all commodities alike,"* (p. 104, above), whereas it is a patent fact that prices fixed by law or by custom *do not rise or fall with general prices.*

Other sophisms of a professor in a Western university are pointed out at pages 154, 252, 260.

An assistant professor in an Eastern university has attempted to demonstrate that the benefits of improvements should *all go to creditors* (p. 108, below), and therefore that the measure of exchange value should increase in size in proportion as inventions lessen the exertion required to produce commodities.

This same sophism was later echoed by a professor in a Western university, the occasion of its deliverance being the annual meeting of the Illinois State Bankers' Association. His address, besides being published throughout the country by the daily and weekly press, was by the bankers directed to be put into pamphlet form and 4,000 copies distributed (same citation).

To frighten the people away from any possible attempt at Independent Action by the United States in the way of free coinage of silver and gold at 16 to 1, one of the Western professors above mentioned, in his book published for general distribution among the people, says: "Silver has to-day about one-half the purchasing power over other commodities that it had in 1873." The way he arrives at this conclusion is to show the gold price of silver and commodities in *1860*, and then when drawing his conclusion *slip "1873" into the place of 1860* (p. 35, above). This is the most open sophism practiced, but it is a crucial point and had to be met.

What are the responsibilities of those who as trustees and presidents of universities employ these sophists? If they have *unintentionally* employed a sophist, they can offer it as an excuse, but only until such time as they find out that they have a sophist in their employ. Thereafter they are worse offenders in the sight of God and man than the

sophist, for he has a livelihood to earn, whereas the trustees of a university and its president occupy a position largely judicial.

And how as to those who patronize a sophist? If they do so *unintentionally* they are of course blameless, provided they have endeavored to ascertain the standing of the university they patronize. After they learn of the employment in the university of a sophist they partake of the guilt of the employers if they do not direct their boy or girl to no longer attend his lectures; and after a reasonable time for the university to drop him and it is not done, they partake of the guilt of the employers if they patronize the university.

Next, as to **those who issue the newspapers and other periodicals:** As their function in society is to disseminate Truth, they share the guilt of the employers if they omit to publish the fact that a teacher employed is a sophist. Those who patronize a periodical or a publisher have the right to expect that he will faithfully discharge the duties of his station. They base their action very largely upon the information received from the printed page. Therefore, the failure to publish facts which would influence their actions is as gross a breach of duty as it is to publish untruths. • When one takes the position of a publisher or a journalist *he assumes grave responsibilities.*

And, finally, **as to the general public:** The sentiment of the general public taken as a whole is commonly termed public sentiment. It is composed of the sentiment of individuals; therefore each individual's sentiments count. It is not like an election where a *plurality* of the votes cast determine who shall rule, but it is more like potatoes in a bin, each one counts and counts in proportion to its size, so in the formation of public sentiment, the sentiments of each individual count and each counts in proportion to his influence.

The Sentiment of Individuals Taken as a Whole.

Public sentiment determines the conduct of those who deal with the public. *A newspaper which cannot find purchasers changes its attitude* so that it may win public favor. How incumbent, then, the duty of each individual to patronize only the best newspapers—the papers which most nearly approach the truth and publish only such truths as should be disseminated! When it is realized that public sentiment—intelligent or unintelligent, moral or immoral—gauges the press and the institutions of learning, **then and then only can there be realized the necessity of each individual doing his utmost to exert an influence for the right and the necessity for the most extended co-operation** to put the press and the institutions of learning upon the most exalted plane and to further education in every possible way. Each individual shares in the responsibility for the existing public sentiment, and therefore shares in

the responsibility for the existing newspapers and institutions of learning. **Comrades, face this responsibility courageously** AND DO YOUR UTMOST!

We have in the above sections considered the sophisms put forth through the Printed Words of university professors. We will next consider their Verbal teachings.

(2.) THE FALSE TEACHINGS IN SCHOOLS AND UNIVERSITIES.

We have taken this order because the sophisms contained in their printed words are more easily and satisfactorily proven against them. As to their Verbal teachings we must of course presume that they teach as truths those things which they set forth in their writings as truths. To presume anything else would be to presume that they intentionally discredit and stultify themselves. And now **what effect upon pupils has the class-room teachings of a professor in a university?** The pupil, from the time he enters the doors of a university, is taught to respect Truth and to unceasingly work for it. The student, however, cannot personally investigate for himself the truthfulness of each statement made to him, and **he therefore trusts those presented to him as instructors unless he has reason to supect them of being untruthful** — of being base hypocrites—*and the fact of their employment by the trustees and president is a voucher for the honesty and uprightness of each instructor.* THE STUDENT, THEN, HAS HIS IDEAS FORMED VERY LARGELY BY THE SPECIALIST IN EACH DEPARTMENT WHO IS PLACED OVER HIM AS AN INSTRUCTOR. Who, then, can fittingly characterize the conduct of a man who in the garb of a priest of Truth stands before the open-minded young men and women of the country—men and women who are in that place because of their intelligence and the self-denial of parents—*and implant in their minds untruths which are fundamental?* And how much worse is the conduct of the trustees and president of a university *who knowingly employ a sophist?* And what shall we say of the moral stamina of a youth who will attend the lectures *of a known sophist*, and of the parent *who will ask that he attend them?* Or of those who *will patronize a university which knowingly retains as an instructor a known sophist?*

From the class-room of the university the intelligent and ardent young men and women of the land go forth into business and to build homes. Many become journalists, or bankers, and all exercise a considerable influence within their respective neighborhoods. Some go to Congress, and a few reach the office of Chief Executive of the United States government. Thus the fundamental untruths instilled into the minds of the thousands upon thousands of those who are among the brightest men and women of our land *permeate the whole structure of society.* **It is transmitted in every direction and through constantly in-**

creasing numbers, just as the waves created by a pebble thrown into a pool spread over its entire surface, break upon the shore, and react upon the whole mass of water. A FUNDAMENTAL UNTRUTH WHEN PERSISTENTLY PUT FORWARD IN THE ECONOMIC DEPARTMENT OF A UNIVERSITY, OR IN THE POLITICAL SCIENCE DEPARTMENT, TENDS TO POISON THE BODY POLITIC, just as the introduction of smallpox into a community tends to sicken the inhabitants and disarrange society. The importance of keeping pure the fountains of learning where the leaders receive their final institutional learning cannot be overestimated, and as pointed out above, each individual shares in the responsibility for its existence, *if longer continued.* The writer, when considering the monetary teachings in a certain university, with difficulty restrains himself, for he was hoodwinked for a time with the belief that bimetallism was an *unsuccessful attempt to concurrently circulate gold and silver within the country having bimetallic laws.* Being thus hoodwinked, I strove to make others believe it and so helped as best I could to pull the moneyed interests' chariot of selfishness over the people of the gold standard world who already were largely prostrated by the gold standard of falling prices.

(3.) BANKERS AND SUCH OTHERS AS CLAIM TO HAVE STUDIED THE FINANCIAL PROBLEM.

And what is the status of bankers, financial editors, officers of the Government and such others as claim to have studied the financial problem? Manifestly, if they attempt to *excuse* themselves for uttering the foregoing sophisms, *which are broadly distinguishable from the truth by one who goes into monetary history*, then each one places on his own forehead the brand, Ignoramus! If they plead self-interest, then "scoundrel" is a mild term to apply to them. In the American Bankers' Association, which met at Atlanta, Georgia, last fall, there was *but one banker who came forward and exposed the sophisms of the gold standard advocates.*

Think of it! at a gathering of bankers from all parts of the Union there was but one who came forward to expose the sophisms of those who advocate a standard which not only appreciates, but divides the world commercially, and produces humpback disturbances and panics! All honor to William P. St. John, President of a New York city bank! And all honor to the stockholders of the bank who continue him in office! (Later: Early in July '96 the Directors asked for Mr. St. John's resignation because he was working for free coinage at 16 to 1.)

The methods employed by the bankers to foist upon the public the views which they set forth are multitudinous. In their annual conventions they delivered carefully prepared papers, their principal ob-

ject being to give them *to the public* through the newspapers. They give banquets, inviting some noted banker to speak, and of course *the gold standard press publish the address in full.* The annual banquet of the New York Stock Exchange, at which the Secretary of the Treasury is usually invited to speak, is an instance of how they feed the public on "sound-money" principles.

It is not, however, by the printed words that the banker exerts his greatest influence, but it is in his dealings with those who patronize him and whom necessity drives to him. To these he is either a trusted adviser or a dictator. In the words of the president of the New York State Bankers' Association in an address delivered at the Chicago Bankers' Banquet, April 7, '95: "The banker has a large influence. * * * He is *the confidential adviser* of thousands and thousands of business men" who "are peaceable, industrious, intelligent citizens and main stays of this country against fanaticism and demagogism. *The laboring element comes closely in contact with these business men.*" He further advised the bankers to "*organize sound-money clubs in every community* including business, professional and working men. These could perfect and carry out *programs for talks and conferences.* Education by pamphlet and speech could be carried on. Once created, the clubs could unite under a central head similar to the one just formed in Germany, **a 'Union for the Defense of the Gold Standard,'** admitting representatives from all the leading chambers of commerce. **This action would soon make itself felt in the political tide."** All this has very largely been accomplished (see pages 593, 692) by the bankers and the other moneyed interests (page 596 and the subsequent ones). They have not formed a central organization, as it would put them before the people too prominently.

Congressmen.

We shall next consider the representatives of the people who in the **House of Representatives** determine monetary legislation: **They are elected by the votes of the people.** THE EVIDENCE SHOWS, HOWEVER, THAT THE LAWS ENACTED FAVOR THE MONEYED INTERESTS. For example, the moneyed interests control the supply of money and when they choose to, can so control it that trading is brought almost to a standstill and held there until the legislation they desire is secured. The manner in which the people *have been fooled into electing such representatives* has principally been through the moneyed interests so controlling *the political conventions* that the money question *has not been brought forward in the campaigns*, **while only those were nominated whom the moneyed interests knew could be relied upon to vote for the bills which they desired to have passed** (pp. 489). THIS COULD NOT HAVE BEEN DONE HAD NOT THEIR FALSE TEACHINGS ON THE MONEY QUESTION BEEN

VERY GENERALLY DISSEMINATED. Furthermore, many of the Congressmen, when first elected, *undoubtedly believed as true* the sophisms they had been taught. And now to the point which we wish to bring out here, namely, that with Congressmen largely elected pledged to the principles advocated by the moneyed interests—"sound money" principles, THEIR SPEECHES HAVE BEEN WIDELY READ AND THUS A FURTHER FALSE TEACHING OF THE PEOPLE HAS BEEN SECURED. Not only have the speeches of these false advocates been circulated through the newspapers, but their speeches, in printed form, are sent through the mails *at the expense of the state.* And then in campaign times the money question, when touched upon by these individuals, results in more false teachings. The importance of securing Congressmen who will not only vote but talk the principles advocated by the moneyed interests *is fully recognized by them, and therefore through organizations and in other ways they combine* (p. 692, above) **and are able to secure the results which we have set forth in the preceding pages.** Very justly, then, may they *for many sections of the country* make the claim set forth by the President of the New York State Bankers' Association, that "the politician, high or low, who to-day turns from the straight course of sound money, stabs dead, once for all, his every chance for *political* success." **In the Eastern States there are not half a dozen Congressmen but who vote for the gold standard, the retirement of the greenbacks and the issuance of the paper money by the banks.**

United States Senators.

And how is it as to the United States Senators—the representatives of the people elected by the several State legislatures? **The evidence shows that the moneyed interests dictate** MORE FULLY **the election of United States Senators than they do the election of those members of Congress who are elected by the** DIRECT **vote of the people.** For example: From Ohio there are many Congressmen who are opposed to the principles advocated by the moneyed interests, whereas, both the Senators (Sherman and Brice) are leaders in the "sound money" camp. In Illinois, with the majority of the people against the principles advocated by the moneyed interests, and with many representatives in the House who are loyally standing by the people, both Senators (Cullom and Palmer) are "sound money" men. The same is true in Iowa, (Allison and Wilson). In Wisconsin (Sawyer and Mitchell), in Minnesota (Davis and Nelson), in the far Western States and the Southern States the people, as a result of a combination of causes, understand more fully the fundamentals of the money question, and have been able to send Senators to Washington who are opposed to falling prices, and therefore opposed to the gold standard, the retirement of the greenbacks and the issuance

of the paper money by the banks. The further fact that the people of *each State* are represented *by two Senators regardless of the total population* **explains why the moneyed interests have been largely held at bay during the past fifteen years.** With the Senators elected by the *direct* vote of the people, the number opposed to the moneyed interests would be much larger, (see above, Illinois, Ohio and other Western States) and, besides, the questions of national importance would be considered in the elections of these Senators, and thus the people would be brought to study them more fully.

From 1880 back to 1860 the Senate was the stronghold of the moneyed interests (for example, they put through the Allison amendment to the Bland bill and the exception clauses in the legal tender bill). At this time many of the Western States had not been admitted.

Each United States Senator ELECTED BY THE MONEYED INTERESTS **has advocated and to-day advocates** HIS MASTER'S CASE **by the usual sophisms.** The speeches and interviews put forth by these advocates are more widely read and believed than are the speeches of Congressmen, with but few exceptions. The false teachings inculcated in the pivotal States by the United States Senators *are simply incalculable.* **Backed by grand achievement in other departments of learning and industry, rolling in wealth largely self-acquired, thus demonstrating the ability of its possessor, and the wealth, adding too, a certain grandeur, and on top of all this the position of United States Senator—an office greater than that of Governor or Chief Justice of the commonwealth from which he hails,** IS IT TO BE WONDERED AT THAT THE UTTERANCES OF A UNITED STATES SENATOR ON THE MONEY QUESTION ARE BELIEVED VERY LARGELY BY THE WORKINGMEN, FARMERS AND BUSINESS MEN OF THE COUNTRY? There is in human nature the tendency to believe that truthfulness and uprightness are associated with men who occupy positions of trust, *and too frequently they overlook the fact that the individual was selected to represent the influence which controlled his selection.* **Where the moneyed interests dominate, then the representative they select** IS ONE WHOM THEY THINK WILL BEST ADVOCATE THEIR MEASURES. In the words of Congressman Reed, of Maine:

"It is strange that men do not grasp the idea and keep it always in their minds that **what governs a country** is not the individual or individuals who occupy prominent places, BUT THE PARTY [I. E., THE DOMINATING INFLUENCE IN THE PARTY] which surrounds and supports them.[1]

The President and His Appointees.

The President of the United States is in effect elected by the *direct*

[1] North American Review, July, 1894. This was said when dealing with "The Present Administration of National Affairs."

vote of the people, for the electors always vote as their constituents direct.

He is the Chief Executive and the person who selects for appointment the heads of government and the occupants of thousands of minor positions. In addition to this he *recommends legislation and has the veto power*—a power to overrule which requires a two-thirds vote in *both the Senate and the House.* And there is the further fact that Senators and Representatives who oppose the measures advocated by the President *run the risk of losing their seats at the next election through the patronage in their districts being thrown to their opponents.* **Is it to be wondered at, then, that the moneyed interests** HAVE EXERTED THEMSELVES TO HAVE ONLY SUCH MEN NOMINATED FOR THE OFFICE OF PRESIDENT AS WERE KNOWN TO CHAMPION THEIR VIEWS ON THE MONEY QUESTION? Every presidential nominee of the Democratic party since 1873 (with the exception of General Hancock) has been an advocate of the existing gold standard until the improbable shall have occurred—until the creditor and war-threatened countries of Europe shall agree to enter upon the free coinage of silver. And the same is true as concerns the presidential nominees of the Republican party, except in the case of James G. Blaine, and he was defeated at the polls. On the minor issue of the retirement of the greenbacks and an extension of privilege to the individuals who own the banks, the domination of the moneyed interests has not been so great. **No nominee,** *however, has championed the publication of the fluctuations in the measure of prices* **for to have done so would have surely resulted in the overthrow of the appreciating gold standard at the very next national election.**

There was reason, then, for the exultant remark of President Cornwell of the New York State Bankers' Association April 7th, '95, that "the politician, high or low, *who to-day turns from the straight course of sound money and the gold standard* **stabs, dead once for all his every chance of political success,** ESPECIALLY IF HE WANTS TO BE PRESIDENT." (Loud applause by the bankers.)

ASPIRANTS FOR THE PRESIDENCY OF THE UNITED STATES RECOGNIZE THESE FACTS OF HISTORY. Therefore they have shaped their course *so as to gain the support of the moneyed interests* **while talking to the general public in a way which is** APPARENTLY TO THEIR INTERESTS; **or they have stated their honest convictions** IN UNEQUIVOCAL TERMS, THUS LOSING FOR THEMSELVES THE CHANCE OF THE PRESIDENCY UNTIL SUCH TIME AS THE PEOPLE SHALL RULE, but in the meantime they retain their self-respect and the respect of those who realize the existing condition of things.

To those citizens of you who have not previously realized these things the shock must be severe. To think that the individuals placed at the heads of the two great parties in the national compaigns since 1873 were not the brightest, brainiest and most ardent truth-seekers in

the United States is certainly shocking, but to those who stop to consider *how the nominations are effected* the following ideas will occur: They are the choice, first, of party primaries; secondly, of county conventions; thirdly, of congressional district conventions on the part of the Republicans, and of State conventions, usually on the part of the Democratic organizations, with "the unit" rule usually in force; *and, fourthly, of a national convention* **composed of delegates from the several States, chosen in the foregoing manner.** AS A MAJORITY NOMINATES AND THIS MAJORITY (or two-thirds) SELECTS THE MAN WHOM IT THINKS WILL BEST STAND FOR ITS IDEAS, WE SHOULD NOT BE SURPRISED THAT THE MAN SELECTED SHOULD STAND FOR THE MONEYED INTERESTS **for we must bear in mind the false teachings they have inculcated, and the further facts that they include the moneyed interests of both the United States and Europe, that they have countless wealth and are organized; whereas the opposition are only the people of the United States, and** THE MAJORITY OF THESE THROUGH FALSE TEACHINGS FIGHT THOSE WHO ARE OPPOSED TO THE PRINCIPLES ADVOCATED BY THE MONEYED INTERESTS, AND TO CAP THE CLIMAX THOSE WHO ARE FOR A STABLE MEASURE OF EXCHANGE VALUE HAVE NOT BEEN IN A PARTY BY THEMSELVES. THE REMEDY IS EDUCATION AND ORGANIZATION.

(4.) TEACHINGS TO BUSINESS MEN AND THE GENERAL PUBLIC THROUGH VERBAL UTTERANCES.

The fourth principal method by which false teachings have been secured by the moneyed interests has been "through verbal utterances to business men and the general public by bankers, financial editors, officers of the government, and others who have studied the money question and are supposed to be bright and honorable men."

The methods of bankers in this respect have been briefly set forth in the preceding section, also those of chief executive officers and of the United States Government, United States Senators and Congressmen.

As to the University Professors, the moneyed interests take those of them *who are their hired men* and parade them before the public on every possible occasion, *for they well know the weight attached to the utterances of those who come from the universities and other schools.* Of course the hired advocate makes all he can out of his position. For example, Laughlin, the head professor in the Chicago University, when introduced to those assembled at the Waubansee Club banquet, May 5th, '95, said:

"Gentlemen of the Waubansee Club:—It is a pleasure to be here in these stirring times of monetary warfare; for, I take it, I have been asked to speak here to-night, not because I am a member of any political party, *but because you would expect me, as a student of monetary science, to*

discuss the subject assigned me from a wholly nonpartisan standpoint. And I have gladly accepted the invitation to be here *for this reason.* The settlement of our monetary policy is too important a matter to be turned over to partisan warfare. Political parties are divided on this question, *and men of all shades of belief are* **honestly asking for the** TRUTH.

"IN A SPIRIT OF SINCERITY AND TRUTH, THEREFORE, I beg to be allowed to state myself on some facts relating to prices. I have no theories to propose, no abstractions to enforce. I HAVE NO PLACE HERE FOR ANYTHING BUT FACTS, AND TO FACTS I SHALL MAINLY CONFINE MYSELF." The patent sophisms which he then uttered are partially set forth above, page 153.

Next let us consider the graduates from universities. They remember something of the monetary principles taught them, and they have their old textbooks, therefore they frequently speak and sometimes write upon the money question. In case they have attended a university the monetary teaching were controlled by the moneyed interests *they have been taught sophisms of fundamental importance, and of course pass them on to others.* The effect of this was pointed out in one of the foregoing sections.

Newspapers and Other Periodicals as Vehicles for False Teaching.

The extent of the prize at stake renders it highly important to the moneyed interests that the leading newspapers, magazines and other periodicals which deal with the money question shall, in so far as possible, be so controlled that they set forth as *facts* such arguments *as will best tend to secure the legislation which the moneyed interests desire.* The moneyed interests have almost limitless wealth at their command (page 688, above) and, what is highly important, they can almost always purchase a newspaper or magazine *at a slight advance over what it is earning the proprietor.* Many times this slight advance which is paid *is more than made up to the purchaser* by the increased patronage which the moneyed interests give to the newspapers and periodicals which set forth their teachings. Furthermore, when the control is changed to one who advocates the false teachings of the moneyed classes, *the importance of the change is not realized by the subscribers and advertisers,* and the new management minimizes so far as possible the change in financial views, and so for a time pays little or no heed to the money question. The subscribers and advertisers whose interests are other-than-moneyed **are thus entrapped and later on have dished up to them in attractive form the untruths which are set forth as truths.** THE INFLUENCE EXERTED BY A NEWSPAPER OR MAGAZINE UPON ITS READERS IS VERY GREAT. The incentive, then, to the moneyed interests to have the newspapers and periodicals set forth their peculiar teachings *is correspondingly great.* **Many times**

the control of a newspaper determines an election and for years afterward it has an effect for the teachings which individuals receive and continue to believe are spread by them through the spoken and written word.

The use to which Periodicals are put in setting forth the teachings of the moneyed interests is illustrated by the following instances: Appleton's Annual Cyclopædia 1885, under the title Bimetallic Currency, publishes an article by "Professor J. Laurence Laughlin of Harvard University" which abounds in his usual sophisms (page 144, above). Another historical repository is "Current History," published quarterly; it also is a "sound money" advocate. The New York city magazines, the Forum and the North American Review, are "sound money" periodicals. The Arena of Boston is a "stable money" magazine and would gladly publish a "sound money" argument, as it could then be answered point by point.

As regards newspaper teachings there is this further fact: Money rules the Western Union Telegraph monopoly and it also rules the Associated Press monopoly, and these two combined, manufacture public sentiment as best suits the masters—the moneyed power. It is this way: Correspondents deliver at the telegraph offices the news and it is transmitted to the several central points and at each point is "edited," that is to say, **such parts are selected as the central officer** CHOOSES **to send out.** Furthermore, the agents who collect the news respond to the central authority at New York and is subject to dismissal *at his pleasure.* In short, **the man who rules the Associated Press has an instrument for shaping the opinions of the millions which by the constancy, universality and rapidity of its action** DEFIES COMPETITION. * * * HERE IS A POWER GREATER THAN ANY EVER WIELDED BY THE FRENCH DIRECTORY, BECAUSE IN AN ERA WHEN PUBLIC OPINION IS OMNIPOTENT IT CAN GIVE, WITHHOLD OR COLOR THE INFORMATION WHICH SHAPES THAT OPINION.[1]

The statement by the moneyed interests themselves as to *the great value they place upon newspapers and periodicals* is set forth in a report of the Executive Committee of the Reform Club of New York. It says of its "broadside" supplements for country newspapers: "It is, perhaps, of all the branches of propaganda work we are now carrying on the one by which the greatest permanent effect is secured at the least expense *in just those quarters where educational propaganda is most needed.* * * * It is an unrivaled means of putting into the hands of rural voters—in the most sparsely settled countries of the most critical States,—*in just the shape in which it will be welcomed and read by them*—**a full supply of sound currency argument and illustrations.** How effective is this may be somewhat appreciated when it is remembered that **it is just these papers**

[1] Senate Report on Telegraphs, 577, 48-1, testimony, p. 19, Arena, Vol. 16, No. 1.

the subscribers of each of which are in the main READERS OF NO OTHER PERIODICAL." The report shows that **the average circulation per week has been** 288,210, and "the figures for each week *are steadily larger than those for the preceding.*"

The report also shows that of the "plate" matter sent to the various local papers they "in general promptly utilize either the whole or nearly all that sent them." **Thus do many country editors disseminate untruths for the cost of the plates**—ABOUT 25 CENTS PER COLUMN.

The Reform Club put out "*over a hundred cuts and sketches* which are extensively used in our 'broadside' and 'plate' matter, and have been, perhaps, the chief factors—outside of the strong general interest in currency matters—in producing the greatly increasing demand for our literature. * * * Arrangements are now progressing for *a supply of posters and cartoon plates* in response to the demand which is coming in from every side." **Thus are the moneyed interests trying to secure their case by ridicule—an effective and an old method of sophistry.** The moneyed interests in the time of Christ placed upon his head a crown of thorns and derisively termed him "King of the Jews." *Thus did the money-changers who were driven from the Temple endeavor to break the force of the truths put forth by Christ.*

Of Editorials in the daily papers and Articles in magazines the Reform Club were informed August 29, '95, that their committee had ceased to do such work: "The extent to which the urgent need of the articles supplied has since been met by developing research and writings of independent editors and writers in all parts of the country has been such that we have not felt justified in further extending the energies of this committee in work which was on the whole becoming so well done by others. **There is, probably, ten times as much good work of permanent value now being done throughout the country in discussion of sound currency question as there was three months ago.**" Reader, this claim, if true, shows, does it not, that each of us must make every possible effort to show the real truth in the question at issue.

The periodicals supplied by this Club in semi-monthly issues amounted to at least 20 by December 1, '95. The issue of this date is entitled "Our Financial Disease" and consists of "extracts from the message of the President to Congress, December 2, 1895." **The total number of the periodicals printed by this committee up to August 29, '95, and distributed gratuitously in most cases, was 1,532,000.**

This committee also published for use after the campaign closed a "currency red-book," August 29th. "They said it was to meet the need which will arise as soon as the local issues of approaching elections are settled."

Under the head "Extent of Literature Distribution," the Executive Committee of the Reform Club reported that including those above mentioned and "including speeches, Carlisle, etc., not including the much greater number lately furnished at expense of others," **the total number was 6,107,000—the current average on the above basis of documents issued being 1,200,000 per month."**

This is but one of the several agencies employed by the moneyed interests in "the campaign of education." The Chamber of Commerce of New York has a committee engaged in this work. May 28 a prospectus stated that its "crusade against free silver fallacies is now fairly launched. From this time forward it will be prosecuted vigorously *and every section of the United States will be canvassed thoroughly in the interests of sound money.* To secure the best results, committees have been appointed which will devote their attention to different phases of the campaign. The committee on the Press and Publication is busy in preparing plans for *pictorial illustrations*, as well as the publication of *pamphlets and books.* **It is intended to send out at frequent intervals interviews and articles by prominent men on topics of immediate interest.** The committee on Correspondence has devoted its time and attention to the large business houses of the country. The idea is to induce the mercantile and manufacturing establishments in all the important centers to enlist in the crusade. To this end **large business houses in New York have been asked to address their correspondents in various sections of the United States, explaining the necessity of common action and agitation to preserve a sound money basis for the business interests of the country."** Other aims are set forth, but the foregoing is sufficient to show that **every possible means is being used by the moneyed interests to teach the voters of the United States as truth that which is untrue, and by this means** SECURE THEIR VOTES. THE NECESSITY THEN FOR A PROMPT EXPOSURE OF THEIR PLANS AND THE UNTRUTHS WHICH THEY HAVE PUT FORTH CANNOT BE OVER-ESTIMATED. Expose their sophisms and thus strike from the minds of the misguided the shackles of untruth which the moneyed interests have riveted and the redeemed will turn in and with the spirit of freed men help to rout the enemy of truth and place our government in the hands of those who by word and deed have shown themselves to favor a stable measure of prices, and therefore favor the bimetallic standard and an elastic volume of money for use in emergencies.

Newspaper Men.

We shall next consider the editorials which appear in the papers whose Policy is to advocate "sound money," i. e., the gold standard, the retirement of the government paper money and the issuance of paper

money by individuals through their banks. As the policy of the paper *is decided by the proprietors of the paper*, it follows that *the financial editor does not decide the financial policy*. He must either present the side of the case which his employers have decided to advocate, or resign his position. But he well knows that if he resigns his position it will be filled by some other person, and the policy of the paper remain unchanged. With these conditions existing many a financial editor continues his position when he knows that the arguments put forth in the paper from his pen are untruthful, but he in most cases has a family which is dependent upon his salary and he is apt to argue with himself that his conduct of the case is probably not so hurtful to his opponents as might be the opposition which would be put forth by the editor secured in case he should resign. And it is a fact that the advocate who does not believe in his case fails usually to inspire his readers with the justice of the case he is presenting. **The fact that the management of a newspaper dictates its policy and that its editors must "fall into line" and advocate such policy, regardless of their personal opinions, is the thing most galling to the many bright minds engaged in journalism.** The following words are imputed to a distinguished journalist at a banquet of newspaper men in New York:

"You are all slaves. You know it and I know it. There is not one of you that dares express an honest opinion. If you express it you know beforehand that it will never appear in print. I am paid $[illegible] [per week] for keeping honest opinions out of the paper I am connected with. Others of you are paid similar salaries for doing similar things. If I should allow honest opinions to be printed in one issue of my paper like Othello before [illegible] The man who would [illegible] out on the streets [illegible] journalist is to [illegible] lives at the [illegible] daily bread, or [illegible] this and I know [illegible] news. We are [illegible] time, our talents, [illegible] ours. We are [illegible]

(5.) RESUMÉ.

In the foregoing sections we have considered the four principal methods by which false teachings have been secured by the moneyed interests. Through these false teachings they have secured votes at elections, in fact **false teaching has been the principal method whereby the appreciating gold standard has been retained and the issuance of the paper money by individuals through banks has been secured.** The importance of holding the voters through monetary teachings was emphasized by President Cleveland in his letter to the Chicago "sound money" men, April 13, '95: "What is now needed more than anything else," he said, "is a plain and simple presentation of *the argument in favor of sound money.* * * * Disguise it as we may, the line of battle is drawn."

Reader, you are familiar with *the arguments* set forth for "sound money" and *the methods* whereby they were presented to the public. How will the battle terminate? Let no one shirk! Carefully study the fundamentals, *stick to them* **and distribute the literature which in your opinion will best promote the general welfare.** Keep in mind at all times that the primary object of monetary teaching is to secure votes in the November election.

We shall next set forth the principal ways in which money is used to secure votes other than through false teachings; we will first consider

3. *Money in Political Campaigns.*

In political campaigns there are legitimate uses for money. Halls must be hired, meetings advertised, bands of music and singers employed, and speakers must devote their time and strength. Campaign Clubs are important factors and have legitimate expenses connected therewith. **The larger the campaign fund the more effective can the work of the campaign be made.**

Before each campaign **there is within each party a rivalry among its members.** AND IT IS HERE THAT THE QUESTION OF CAMPAIGN FUNDS DETERMINES VERY LARGELY THE CHOICE OF WHO SHALL BE NOMINATED AND THE CHOICE OF THE PLANKS FOR THE PLATFORM. This is a fact of common knowledge. In the ward and township primaries, those who contribute liberally to the expenses of the meeting and its the electioneering preceding the primary, and who will most fully contribute to the various other convention expenses and the subsequent campaign expenses, **are**

hood—often more picturesque than profound—'improved upon it' and put it into its present form, in which it has been attributed to half a dozen leading newspaper men, among them Whitelaw Reid."

the ones who, other things being equal, **name the nominees and select the planks for the platform.** As to *how far* the Contributions toward expenses offset Principles of Justice in the planks of the platform and in the selection of nominees *depends, of course, upon the moral worth of those who in each case decide.* Many individuals prefer defeat to anything short of absolute honesty, but the average politician is not supposed to be so guided in his decision. "Practical politics" is construed to mean everything from outright bribery to the meaning put upon the term by theoretical political scientists. In Ohio the money which Mr. Brice furnishes to the Democratic party of the State in each campaign has long been generally recognized as *the principal element whereby he controls the political issues and nominees in Ohio.* In New York State in 1892 "the sinews of war" furnished by the "sound money" interests resulted in victory for them and the defeat of bimetallism (page 482). In 1876 a bimetallist (James G. Blaine) was prevented by the moneyed interests from securing the Presidential nomination (page 320), and he was again beaten in 1880 (page 398, above); in 1884 *he was nominated* for the Presidency after a bitter opposition by the moneyed interests. They at once bolted the nomination, issuing a call for "a general representative conference for the purpose of concerting such further steps as may be found advisable for the expression and effective enforcement of our views of public interest" (page 426). They supported Grover Cleveland, the Democratic nominee, and "throughout the canvass, by the dissemination of documents and by public meetings, the "Independents," under the direction of their committee, labored for the election of the Democratic candidate" (page 431). The result was that the bimetallist was defeated at the polls, the official count showing Cleveland to have a plurality of 1,040. A change of 600 votes would have given the Plumed Knight the Presidency. Mr. Blaine, when it became known that the returns of the New York vote were against him, "and civil war threatened if the returns were rectified," telegraphed to friends asking their opinion of the situation. Murat Halsted replied that "the New York influences that had prevailed to cause the declaration of a plurality for Cleveland *would be sufficient to maintain that determination.*"[1]

In 1892, in addition to the defeat of Hill and the nomination of Cleveland by the moneyed interests, they secured the insertion of a financial plank straddling the money question and similar in effect to the one they had previously put through the Republican National Convention, *and thus the moneyed question was side-tracked for the campaign* (page 486, and those succeeding). We are informed by "a member of one of the

[1] McClure's Magazine, January, 1896.

leading international banking houses in New York City, and a member of the Committee on Currency of the Reform Club" that **early in the year "it was well understood that a reform of the tariff was to be the NOMINAL issue of the campaign,** and that all the changes were to be rung upon that theme," (page 486,) and the editor of Bradstreet made practically the same statement in July, (page 486.)

This dictation of the financial policy of the two opposing parties by the moneyed interests, reminds one of a "punch and judy" show, for the public thought a real battle was raging, but *behind the scenes it appeared that both the parties were under the control of a single power*—**from the one source came the greater part of the Democratic and Republican campaign funds which hired the halls in which speakers denounced each other and "rang the changes upon the tariff."** How we Republicans were taught that "the great issue" was on! And how we listened to the denunciations heaped upon the Democrats! And you who were in the Democratic party were likewise taught, and we all pitched in and fought each other as best we could, *while all the time there sat chuckling behind the scenes the chief agents of the moneyed classes.* **We were puppets in their hands and they knew it and despised us accordingly.** THE SALAMONS, THE MORGANS, THE BELMONTS, THE ROTHSCHILDS, THE HAVEMEYERS AND OTHERS, CONTRIBUTED THEIR QUOTA TO THE CAMPAIGN FUNDS, CONTEMPTUOUSLY THOUGHT OF US AS "SUCKERS," AND THEN WENT ON PLANNING HOW THEY COULD STILL FURTHER REDUCE GENERAL PRICES. Now we realize that we have been held in bondage through the false teachings of those in whom we have trusted, because their protestations of honesty and disinterestedness *had lulled us into believing in them.*

In addition to the feeling of resentment at being thus imposed upon, there is the sense of horror at the terrible injuries suffered by the people in 1893 and '94 and during the preceding years of falling prices since 1873. Those who murder victims singly are saints when compared with those who have caused the wholesale destruction of life and virtue through falls in general prices. Yes, "the line of battle *is* drawn," **and we shall maintain our moral rights by every means legally in our power.** In the words of President Cleveland in his Venezuela Message: "In making these recommendations I am fully alive to the responsibilities incurred and keenly realize all the consequences that may follow." We can at the polls on the second Tuesday of November, next secure our just rights if "the blood of commerce" is not shut off by the moneyed interests. If they attempt it the remedy is clear (page 679).

Besides the False Teachings and the use of Money in Political Campaigns, the moneyed interests have through the possession of the federal offices exercised the Powers of Patronage.

4. *Patronage as an Element in Political Campaigns.*

April 30, '95, the President of the United States uttered the following manifesto: "The sound money sentiment abroad in the land * * must be crystallized and combined and made immediately active." Thirteen days later he wrote to the Governor of Mississippi a letter presumably intended for publication, for it appeared in print May 3rd stating in effect that those federal office-holders who work against the financial policy advocated by the Administration are doing "political mischief, and such office-holders must not be surprised if they are summarily dealt with" (page 593). The manner in which his Heads of Departments at once proceed to storm the public with the sophisms of "sound money" has been set forth above, as is also the doings of some of the lesser federal officers. From Maine to California and from Minnesota to Florida and Texas the immense host of office-holders appointed by the man selected to this position by the moneyed interests, *and presumably one of their qualifications was that they also were "sound money" men,* set up an ostentatious demand for sound money, and that "the lunatics" who were not pleased with falling prices and the control of the money supply by individuals, should be confined in asylums or otherwise ostracized. The arrogance and insolence of these appointees of the money power augur ill for the present system of Representative Government. Some years ago President Cleveland issued an order that federal office-holders should not take leading parts in the decision of political questions. This was as it should be. But when the powers which placed him on his throne demanded that **he unleash his appointees, he did so and spurred them on:** "The sound money sentiment abroad in the land * * * *must* be crystallized and combined *and made immediately active.*"

We will now turn from the consideration of "the forces which confront the interests other-than-moneyed" and take up **the more pleasing task of passing in review the Forces which are at work with the Interests Other-Than-Moneyed.**

XIII. THE FORCES WHICH ARE AT WORK WITH THE INTERESTS OTHER-THAN-MONEYED.

A. *THE TENDENCY IN HUMAN NATURE TO DO RIGHT.*

There is a tendency everywhere discoverable of an impelling force directing men upward—directing them to goodness. *All individuals love goodness,* **the point of difference being that they do not agree as to**

what is goodness. THIS IS BECAUSE DIFFERENCES IN HEREDITY AND ENVIRONMENT PRODUCE DIFFERENT VIEWS OF WHAT IS RIGHT ("ENVIRONMENT" INCLUDES INSTRUCTIONS.)

B. *DIFFERENCES IN HEREDITY AND ENVIRONMENT CAUSE DIFFERENT VIEWS OF WHAT IS RIGHT.*

For example, those who during 1850 and the following ten years thought that African slavery was wrong were those with environments vastly different from those who owned slaves and had for centuries inherited the feelings of slave-owners. Another illustration of the effect of differences in heredity and environment were the English views during 1825 to 1832 concerning the extension of the ballot. The comparative few who in England exercised the legislative power, did not believe in the extension of the ballot, whereas those who felt the injustice and oppression thought otherwise. The differences in environment and heredity account for the different views. *And so it is with the different views concerning the legislative control of the supply of money.* The comparative few (the moneyed classes) who control the monetary legislation in the United States do not believe in dividing the legislative power with the people in general, whereas, those who feel the injustice and oppression think otherwise. **The differences in environment and heredity account for the different views.**

Manifestly, if those who have different views of what is right come under the influence of *like environments*, there is *a tendency to think alike.*

C. *LIKE ENVIRONMENTS CAUSE LIKE TENDENCIES.*

For example, the Northerner who went South during the 50's changed somewhat his views as to the methods by which slavery should be abolished, and the Southerner who went North also changed, in a measure, his views. In the controversy in England for the extension of the ballot, the few having legislative power had their views changed by the facts brought to their attention by the people and the views of the leaders of the people were changed by the facts brought to their attention by those wielding the legislative power.

And so it is in the controversy in the United States concerning the legislative control of the supply of money: **The comparative few (the moneyed interests) who control the monetary legislation in the United States have their views changed by the facts brought to their attention by the people in general** (the interests other-than-moneyed) **and the views of the interests other-than-moneyed are changed by the facts brought to their attention by the moneyed interests.** In short, as each have the facts—the truth—placed before them they tend to reach the same

conclusion. MANIFESTLY, THEN, THE FACTS—THE TRUTH SHOULD BE PLACED BEFORE EACH INDIVIDUAL IN TH UNITED STATES AND BEFORE THOSE IN EUROPE WH EXERCISE AN INFLUENCE IN THE UNITED STATES.

But placing the facts before individuals—instruction—only *tend* to change people's views. *Habits of thought and feelings are difficult to overcome.* In other words, not only must the facts of the money question be placed before individuals, **but this must be supplemented by such other changes in the environment as will** ASSIST **in the formation of correct thoughts and feelings concerning the money question.**

D. *HABITS OF THOUGHT AND FEELINGS DIFFICULT TO OVERCOME.*

Of these assistants the principal one is environments which appeal to conscience.

1. Appeals to Conscience as Assistants to Truth.

That is to say, appeals which cause the individual to consider *his relations to the Father*, **his duty to assist in furthering the plans of the Father, assist in promoting the general welfare—elevating the human race.** Throughout the ages the appeals to conscience have been the principal means whereby the conduct of men has been influenced. In daily life and in crises the appeals to conscience have largely been the means whereby individuals have been led. For example, the daily aspirations and prayers, and the weekly sermon of the pastor. In crises, such as military battles, on the evenings before such conflicts, the souls of men have been strengthened by prayers and during the battle the sight of the emblem of their country and the sound of National airs have been sources of inspiration. In political battles the consciences of men are strengthened by exhortations to do that which will best elevate humanity; to cast aside selfishness and show forth the Christ spirit. The flag of the country is brought forth and such music and words are ministered as will in the opinion of the leaders best rouse the spirit of the people to do their will. If the case is such that it will not do to tell the truth, then sophisms are put forth. For example, where the side of the question which a party champions has not the strength of truth, it is usual to endeavor to hold the party vote through parading the party's *past history on other issues.*

"Party Appeal" Sophisms.

But this does not succeed with intelligent hearers, for they recognize the sophism and it turns them into bitter enemies of the would-be deceivers.

Another sophism is to exhort individuals *to stand by the Party*, and

thus impliedly place Party above Principle (Truth) and therefore above God and Country. Of this Washington in his Farewell Address said:

Let me warn you in the most solemn manner against the baneful effects of the spirit of party.

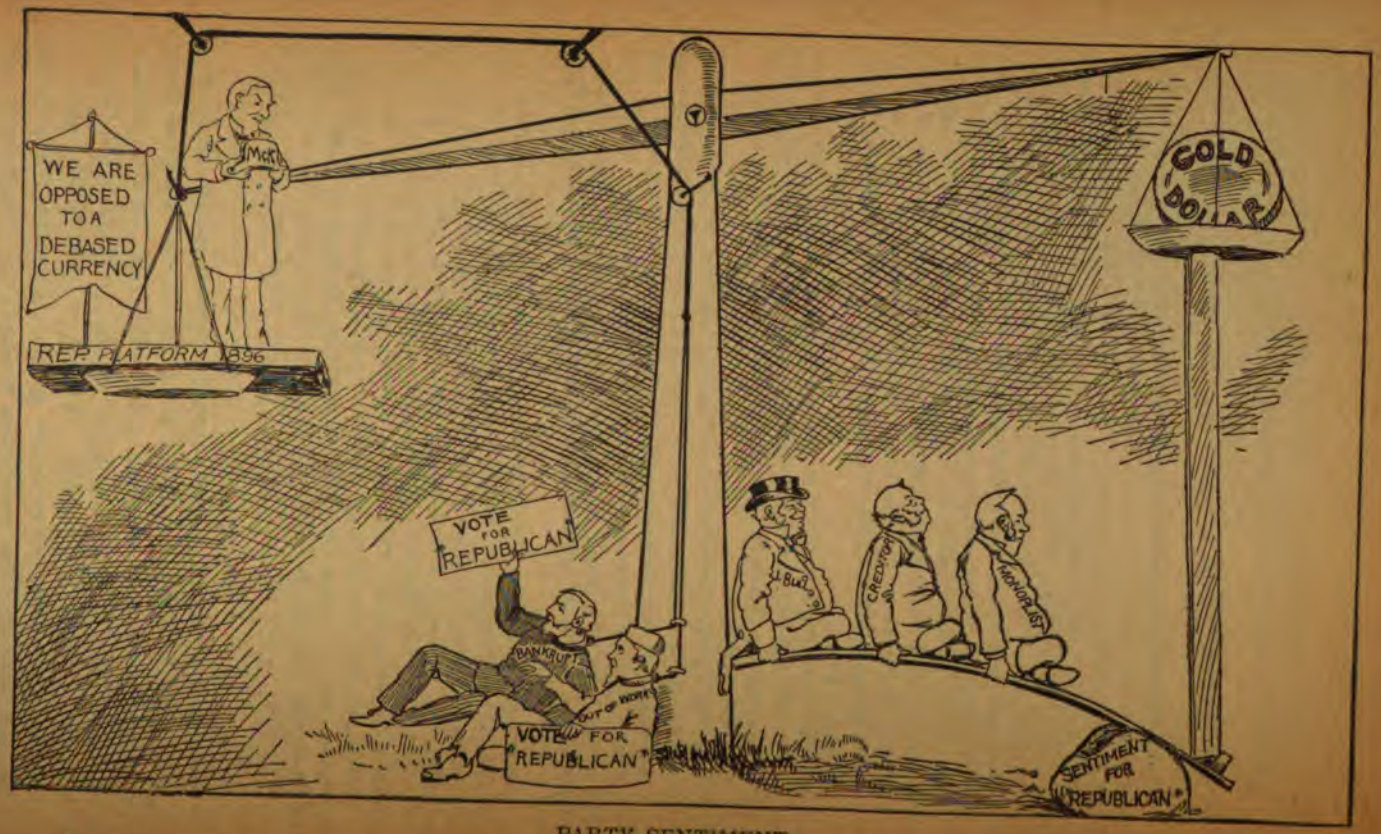
This spirit, unfortunately, is inseparable from our nature, having its root in the strongest *passions* of the human mind. It exists under different shapes in all governments, more or less stifled, controlled or repressed; but in those of the Popular form it is seen in *its greatest rankness*, **and is truly their worst enemy.** The alternate domination of one faction over another, sharpened by the spirit of revenge, natural to party dissensions, which in different ages and countries have perpetrated the most horrid enormities, **is itself a frightful despotism.** But this leads, at length, to a more formal and permanent despotism. The disorders and miseries which result, greatly incline the minds of men to seek security and repose in the absolute power of an individual, and, sooner or later, the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation, on the ruins of public liberty (see illustration next page).

Without looking forward to an extremity of this kind (which nevertheless ought not to be entirely out of sight), the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to **discourage and restrain it.**

It serves also to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one party against another; foments, occasionally, riot and insurrection. It opens the door *to foreign influence and corruption*, which find a facilitated access *to the government itself*, through the channels of public passions. **Thus policy and the will of one country are subjected to the policy and will of another.**

There is an opinion that parties in free countries are useful checks upon the administration of the government, and serve to keep alive the spirit of liberty. This, within certain limits, is probably true; and in governments of a monarchical cast patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, *it is a spirit not to be encouraged.* From their natural tendency it is certain that there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess, **the effort ought to be, by force of public opinion, to mitigate and assuage it.** A fire not to be quenched, it demands a uniform vigilance to prevent its bursting into a flame, lest, instead of warming, it should consume.

We have now considered *the tendency* in human nature to do that which it believes to be right, but that differences in heredity and environment *cause different views of what is right.* We next saw that like environments cause like tendencies, but that *habits of thought and feeling are difficult to change—difficult to overcome.* Therefore, not only must the facts (truths) of the money question be placed before individuals, **but it must be supplemented** by such other changes in environment (and this includes instruction) as will *assist* in the formation of correct thoughts and feelings concerning the money question. One of the



PARTY SENTIMENT.

Some people wear the collar "I am a Republican" and seemingly do not reason that to "debase the currency" is to raise the prices of commodities and labor, give "good times," and for debtors, restore to them a more just measure of prices.

changes in the environment which assists in the formation of correct thoughts and feelings is "appeals to conscience." This we have considered. We will next consider self-interest, that is to say, a self-interest consistent with the general welfare.

2. *Self-Interest as an Assistant to Truth.*

Each individual has the desire to attain goodness—*to so conduct himself that he will attain the greatest possible perfectness.* Situated as he is with a body and earthly surroundings, **his desires (wants) may be classified as follows:**

"(a) Wants immediately connected with the activity of the physical functions.
(b) Wants immediately connected with the use of material goods.
(c) Wants immediately connected with the activity of social instinct.
(d) Wants immediately connected with the activity of intellect.
(e) Wants immediately connected with the activity of æsthetic judgment.
(f) Wants immediately connected with the activity of conscience.
"These clauses may be condensed for convenience into six single terms: (a) health, (b) wealth, (c) sociability, (d) knowledge, (e) beauty, (f) righteousness. The wants thus classified *are those common*, in latent or variously developed forms, *to all men and women.* In other words, all human wants may be distributed, with perhaps occasional arbitrariness, under the six divisions above indicated."[1]

Each individual strives to satisfy these desires. The *proportion of his time and strength* which he devotes to satisfying each of these several wants depends upon the truths which his intellect has grasped, and the strength of the impulses which spring from heredity and environment.

Now, in the case of those who through *hereditary tendencies to acquire wealth,* or who through *environment have acquired the habit of acquiring wealth,* **the tendency is to follow the wealth-getting impulses at the expense of the soul's development in the other directions.** When an individual examines himself and ascertains that such is the case, *the result is a desire to check the wealth-getting impulses and to cultivate the other desires;* consequently there is cultivated a taste for the beautiful and the conscience is given a freer reign by counseling and assisting others, and in the case of the general public, by helping to elevate its sentiment and the system of laws. **In doing this he realizes that he is advancing in righteousness, in love for the beautiful, in sociability, and in knowledge; and he realizes that** HE IS ADDING VALUE TO HIS MATERIAL POSSESSIONS through an increase in the sentiment which protects private property, the obligation of contracts, and, what is practically the same, maintains stability in the measure of exchange value, and the measures of weight, length, and cubical dimensions. In the words of Senator Jones of Nevada, closing his

[1] Small & Vincent's Sociology, p. 175.

address delivered on the floor of the International Monetary Conference of 1892: "I am one of those who believe that *injustice harms not alone the victim but the victimizer.* There is a moral constitution of the universe with which ultimately all things must square, and no matter how panoplied in privilege or power may be he who commits wrong, he will find that *in its own time the wrong will return to plague its perpetrator.* There is no safer rule for men than to do as they would be done by. **It is to the interest of the creditors and income classes, as of others, to mete out evenhanded justice to those with whom they deal.** THE HISTORY OF NATIONS IS FULL OF THE WARNING THAT FINANCIAL STRUGGLES LEAD TO SOCIAL STRUGGLES, SOMETIMES TO RIOT, DESOLATION AND RUIN. The accumulations of a lifetime, even of generations, may be swept away in a day [page 548, above]. Those who have been wronged, the debtors and productive classes, ask no redress for the past. They have thus far, without complaint, tolerated the exactions, *because they did not clearly perceive the cause of them.* **They are now awakening to the extent and magnitude of the evil, and to the source from which it emanates.** THEY DEMAND NOT RESTITUTION BUT REFORM; to this they are entitled, and sooner or later this they must receive. Time, the great arbiter, renders all decisions on the side of right. **Governments alone can undo the mischiefs that Governments have done.** Whatever may be the result of this conference, we may rest assured that, **ultimately, despite the craft of the cunning and the wiles of the wicked,** THE GREAT PRODUCING MASSES OF THE CIVILIZED WORLD WILL CRYSTALLIZE INTO LAW THEIR IMPERIAL WILL."

From "self-interest as an assistant to truth" we will pass to Interest in the Welfare of Offspring as an Assistant to Truth.

3. *Interest in the Welfare of Offspring as an Assistant to Truth.*

The impulse on the part of parents to care for their offspring *is so strong that in many cases reason has to step in and bid the parents do justice to themselves.* Parents, in so far as they exercise reason, endeavor to rear each child in such a way that the six desires above mentioned shall be developed in the proportion which will result *in the greatest possible perfectness in body and soul.* In other words, they endeavor to develop in proper proportions the desires of their offspring as to health, companions, learning, art and righteousness, and to give them such an amount of wealth as will result in their greatest welfare. In **planning for the future** parents recognize that offspring must keep actively engaged in some pursuit if the physical structure and the soul are to be developed. Even where wealth is given to offspring, it serves only to permit them to

pursue a line of activity different from that which they would pursue were they to earn their living from their exertions alone, and *a stable government and just laws are essential to the protection of their wealth.* In the case of offspring whose living is to be earned *from their exertions alone*, the care of the parent for a stable government and just laws is greater even than in the case just mentioned; that children and grandchildren shall live under laws *more just* than those under which parents live is their most profound desire. To parents one of the most bitter thoughts is that their children may sometime live in a society whose rules of conduct (laws) are as bad or worse than those which now prevail. *"Wealth is fleeting" and in a generation or two at least offspring are largely dependent upon exertion alone.*

Parents, then, have the greatest interest in securing a public sentiment and laws recognizing stability in the measure of exchange value as the desideratum. In other words, interest in the welfare of offspring assists in producing, *even in the most wealthy parents*, **a strong desire to secure a public sentiment and laws recognizing that** IT IS WRONG FOR MONEY TO INCREASE IN EXCHANGE VALUE.

It is as essential that this principle should be recognized as it is that public sentiment should protect private property, the obligation of contracts and stability in the measures of weight, length and cubical dimensions. Ask the American or the Englishman what he considers **the greatest legacy his children and grandchildren can receive** and he will tell you that *it is to be surrounded with people who recognize the principles of magna charta* (the great charter of human rights) *and who recognize also the principles of justice, and therefore of progress, which since the time of King John have become part of our knowledge and incorporated in the public sentiment.* One of the *latest* principles to be generally recognized is the fact that STABILITY IN GENERAL PRICES **leads to progress.**

Reviewing this section it appears that in a generation or two some of the offspring of parents, however wealthy, are dependent upon their own exertions for support. It follows, then, as we have seen, that *as concerns offspring*, parents whose interests are "moneyed" **are really interested in securing a measure of prices which will promote the welfare of those whose living is dependent upon their own exertions.**

And there is this further fact as concerns offspring of parents whose interests are "moneyed," *they are interested in securing a measure of prices which will promote the welfare of offspring* **who possess wealth.**

In short, as concerns offspring, parents whose interests are "moneyed" are interested in securing a measure of exchange value which will promote the welfare of those *who live by their own exertions* and

those *who live on incomes derived from wealth.* This two-fold aspect of the case shows that **as concerns the interests of offspring, parents can not think of them as either "moneyed" or "other-than-moneyed," for they partake of both.** PARTAKING OF BOTH, IT CAN SAFELY BE SAID that WHATEVER BEST PROMOTES THE GENERAL WELFARE IS TO THE INTEREST OF OFFSPRING.

From "interests in the welfare of offspring as an assisiant to truth" it is but a step to

4. *Interest in the General Welfare as an Assistant to Truth.*

When parents become impressed with the fact that whatever best promotes the general welfare best promotes the interests of their offspring, they consider the general welfare as *the gauge of that which will best benefit their descendants*, and doing this **their interest in their descendants gradually merges into the interests of posterity as a whole.** As Emerson in his poems of Love says of the last to arrive to parents and the highest "Celestial Love:"

> "But they have heartily designed
> The benefit of *broad mankind.*
> * * * * * * * *
> He serves *all* who dare be true."

E. *A GLIMPSE AT THE POSSIBLE FUTURE.*

With a return to the more stable bimetallic standard of prices and with the principle established that "stability in the measure of prices (exchange value) is the desideratum," *the people of the United States will insist that the measure be kept practically unfluctuating through the government controlling the volume of paper money.* **This will make stable the measure of prices throughout the specie-using countries.** In a short time, then, the principle will become deeply rooted in the ethics of *all the advanced peoples* that stability in the measure of prices is just—right. Then shall we have such coöperation among nations as will keep specie in the money of the several countries, and by so doing *keep an equilibrium in the export and import prices of these countries through using the specie in paying balances in trade.* (Same effect, Prof. Barr Robertson before the British Gold and Silver Commission, August 1, 1887.)

With a stable measure of prices there will be added "a wholly new degree of stability to social relations" (page 95, above). This is equivalent to saying that with general prices stable *there will be steady employment and the consequent good times and the dropping away of nearly all the tariff wars* (page 443, above). **Then will the disarming**

of Europe speedily come about and the arbitration of all future differences be agreed upon by the leading nations. And when this occurs the lesser nations will be compelled to submit their disputes to arbitration.

This is not visionary. It is the direction toward which past events point. Are we to progress? Reader, you are one of the factors. Is it in you to help along the car of progress?

A closing thought:

Almighty and everlasting God, I pray thee to indicate thy will and to strengthen and sustain me that I may fully obey it. Thy will is the Truth. I reconsecrate myself to Thee.

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(Alphabetical Index and Glossary, see page 731.)

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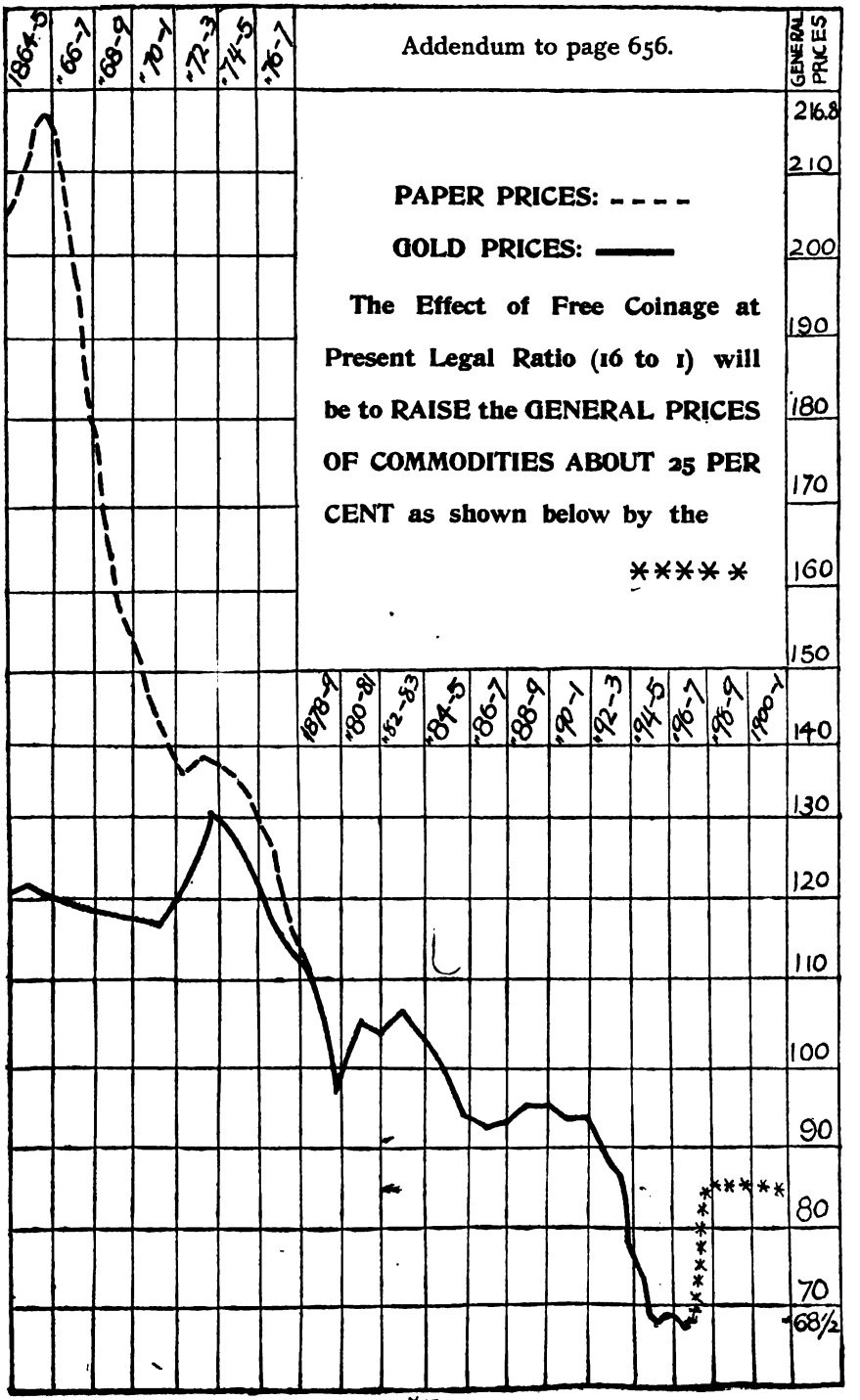
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GENERAL PRICES
PAPER PRICES: - - - -
GOLD PRICES: ———
The Effect of Free Coinage at Present Legal Ratio (16 to 1) will be to RAISE the GENERAL PRICES OF COMMODITIES ABOUT 25 PER CENT as shown below by the
*****
1864-5
'66-7
'68-9
'70-1
'72-3
'74-5
'76-7
1878-9
'80-81
'82-83
'84-5
'86-7
'88-9
'90-1
'92-3
'94-5
'96-7
'98-9
1900-1
216.8
210
200
190
180
170
160
150
140
130
120
110
100
90
80
70
68½

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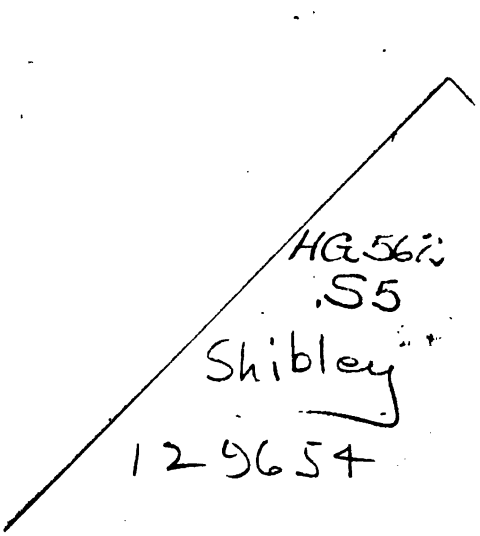

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